



INDEPENDENT

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**FIVE CLASSICS
FOR TWO TO BE**

See page 18 for details

Secrets of the MPs who help lobbyists

Views disguised to gain places on committees

CHRIS BLACKHURST
Westminster Correspondent

Lobbyists are encouraging MPs to disguise their true beliefs in the House of Commons to get on to powerful standing committees which amend proposed legislation.

Friendly MPs are urged to speak against the interests of lobbyists' clients to be chosen for the committees. Once on the committees the MPs are able to drop their opposition and argue in favour of clients, according to one of Westminster's leading lobbyists.

This was part of a strategy set out yesterday before a private gathering in London of lobbyists and executives of some of Britain's biggest companies and organisations. Unknown to the speakers, a journalist from the Independent was also present.

Michael Burrell, managing director of Westminster Strategy, the country's largest lobbying consultancy, gave them a run-down on the legislative process and key steps towards influencing the path of a bill.

After advising them not to ignore Commons select committees - he singled out the Treasury and Civil Service Committee as a body with real power - Mr Burrell moved on to the way Bills reach the statute book.

It was vital, he said, to "supply information and arguments at the crucial moments", such as when a Bill went to a standing committee for further consideration. Membership of such committees is decided by party whips after hearing the Second Reading debate. Mr Burrell said one tactic was "to get your supporters to speak but not support you. Then they might get on to the standing committee. It's a bit machiavellian."

He said the House of Lords was "more satisfying than the House of Commons". It was not easy to get results in the Commons "because of the power of the whips, but in the House of

Lords you can change things". He named key policy-makers for lobbyists to target in an incoming Labour administration: Ed Balls, a senior adviser to Gordon Brown, the Treasury spokesman; David Milliband, head of Tony Blair's policy unit; and Frank Field, influential chairman of the Commons Social Services Committee.

Asked by the Independent for examples of MPs who said one thing to get on a standing committee, where they then said another, Mr Burrell angrily refused. "It was a joke, it was off the record, the whole thing was subject to Chatham House Rules. [Private meetings whose remarks may not be attributed.] The basis I agreed to speak was that it was off the record. I did not speak as if I was speaking in public."

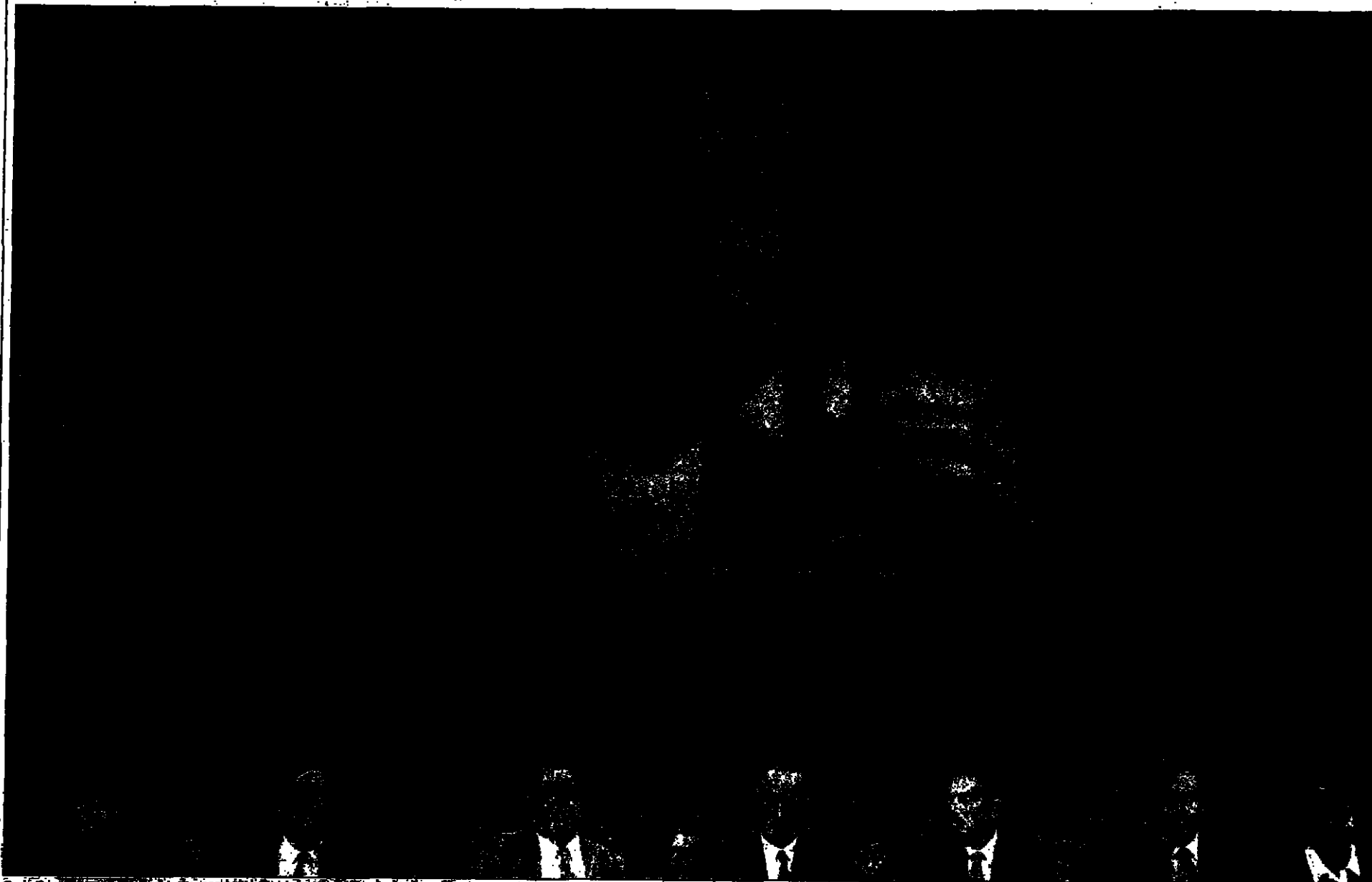
He added: "The composition of a standing committee is decided by the whips. One of the factors is who speaks on Second Reading, so if you're lobbying, and you want your supporters to take part in the committee, it is very important to get them to speak."

When they spoke, they were told to temper their true beliefs. Once chosen to serve on the committee they could discount their earlier view. "If your objective is to make sure your case is heard, you are bound to advise it in a moderated way. Then there is a good chance [the MP] will get on the standing committee."

Mr Burrell has run Westminster Strategy since its foundation in 1986. His clients have included National Westminster Bank, the General Council of the Bar, the Electronic Industries Association of Japan and the Corporation of London.

The conference was held at the Kensington Hilton hotel. Among those represented were British Aerospace, Cable & Wireless, the Law Society, Save the Children, Scottish Nuclear, Thorn and Virgin Atlantic.

Blair acts to curb activists' power



Blair acts to curb activists' power

TONY BLAIR
and DONALD MACINTYRE

The page of Tony Blair's relentless modernisation of the Labour Party will accelerate again this morning when the leadership takes powers for the first time to call one member, one vote ballots on key questions of policy and organisation. Delegates will be asked today to approve rule changes designed to reinforce the power of ordinary members at the expense of activists and could allow the leadership to bypass the annual conference on controversial issues.

The move follows the decisive swing by delegates yesterday behind the leadership on the economy when Gordon Brown, the Shadow Chancellor, made a daily-dedicated call for a cut in VAT on fuel.

Mr Brown sought to define the boundaries between Labour and Tory tax policy by pledging to make a £480m cut in VAT a manifesto priority if the Chan-

cellor, Kenneth Clarke, failed to answer his challenge by reducing it in his November budget.

The Shadow Chancellor reinforced his authority over economic policy in a speech which promised a £1.4bn programme on youth employment, the plan to cut fuel VAT to the EU minimum of 5 per cent and claimed the "real divide" was between "unfairness" under the Tories and "fair progressive taxation" under Labour.

The leadership was handsomely rewarded when two left-inspired motions, one calling for a specific minimum wage level of £4.15 an hour, and another from the TGWU with a long shopping list of reactionary demands were not even pressed to a vote, while a third calling for renationalisation of the utilities was heavily defeated.

And last night the National Executive Committee's modernising majority was left intact when the only significant change in annual election results was the

replacement of Jack Straw, shadow Home Secretary, by Marjorie Mowlem, shadow Northern Ireland Secretary.

The largely overlooked rule changes to be debated in Brighton today will provoke criticism from the left that they allow the leadership to go directly over the heads of the conference, but party managers are confident the amendments will be approved.

The provision for ballots of all members was condemned yesterday by left-wing critics of the leadership as a move to bypass the annual conference, which is formally the party's sovereign policy-making body. The NEC proposes a new clause giving it "the power to require constituency parties to hold ballots of individual members on such matters as they deem to be appropriate".

National Executive proposals say the new clause is "to clarify the existing practice of the NEC on the holding of consultative ballots", although the word "consultative" does not appear in the new clause - giving rise to fears on the left, and hopes among some modernisers - that Mr Blair's ultimate aim is to by-pass the union block vote which will still retain half of conference votes.

The amendments write into the Labour rulebook a requirement on local parties to conduct meetings and events in a "friendly and orderly manner". They will also put the party headquarters directly in charge of recruitment and give the

general secretary, Tom Sawyer, greater authority in enforcing discipline.

Mr Brown was robust in warning that there would be no "pay explosion" under Labour and that inflation and spending would remain firmly under control. He told delegates: "The war against inflation is a Labour war and essential part of our battle against insecurity and unemployment."

The conference successes on the economy came as Mr Blair prepared his keynote speech to-day pledging that the "task of a new generation is to rebuild a new Britain".

But a dissenting note was sounded at a fringe meeting yesterday by Roy Hattersley, former deputy leader of the party. "I hope in a new world of a new Labour government we can improve pensions, extend child benefit, put the country back to work, build the houses - without any penalty for the BMW owners. But I have my doubts."

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David Jefferies: "Feels no guilt"

MARY FAGAN
Industrial Correspondent

More fuel was added to the squabble over the privatisation of utilities yesterday when Geoffrey Wilson, chairman of Southern Electric, joined the attack on directors of the National Grid who stand to make hundreds of thousands of pounds from a dividend when the company is floated later this year.

At the same time, it emerged that four directors of Southern Electric could themselves gain

about £1m from shares and options if the planned £2.8bn takeover of the company by National Power goes ahead.

Mr Wilson, who is non-executive chairman, said he has no share options and that he and his wife paid for their 2,000 shares - worth more than £20,000 at National Power's offer of £10.10 per share.

The debate over boardroom excess was intensified by David Jefferies, chairman of National Grid, who said he felt "no guilt whatsoever" about the

£190,000 he stands to gain from dividends on his shares when the grid is floated.

Speaking yesterday from his home in Virginia Water, Surrey, he said: "I feel simply that what I choose to do with the money will be my decision." Mr Jefferies added that he felt "very strongly" that the freedom of the individual shareholder was at stake.

The National Grid Company is owned mainly by the 12 regional electricity companies and the dividend they are to receive is intended to pay for a customer rebate and for tax levied by the Government.

Mr Wilson said yesterday that he would have preferred the Grid directors not to take their share of the dividend and that he had made his views clear to them. He joins Seaboard, another regional firm which has heavily criticised Mr Jefferies and his colleagues.

Tim Eggart, energy minister is known to be "incensed" at the decision of the Grid directors not to waive their dividends.

The Labour party and unions are also angered at the amount of money Mr Jefferies will gain compared with the £50 rebate for electricity consumers.

Mr Jefferies said: "I believe that small shareholders are entitled to a dividend in the same way as large ones. If this principle were to be bridged it could have horrendous consequences for the future." He added that he has not taken any decision about whether to donate his dividend to charity.

Labour warning, page 16

Britain 'butchered tourist'
A British fugitive and alleged international serial killer went on trial in Singapore charged with killing a tourist and shopping up his body. The prosecution said it would prove John Martin Scripps, who pleaded not guilty to murder, had undertaken and "quickly mastered" butchery during a prison course in Britain. Page 7

Guns threaten Bihac
The Bosnian Serb army has seized back territory lost to government forces last month in a counter-attack that has brought Serb artillery close to the town of Bihac. Page 8

Recall for Ferdinand
Les Ferdinand, whose 10 goals this season have put Newcastle on top of the Premiership, has been recalled to the England squad for the match against Norway next week. Page 24

House prices rise
Britain's top two building societies, the Halifax and Nationwide, warned yesterday against hopes of a rapid recovery in the housing market, despite recording the largest house price rise in more than six months. Page 16

Lottery fund for mine
A £125m project to convert a disused colliery site in South Yorkshire into a hi-tech visitor centre and education complex will receive up to £50m of lottery money in awards announced by the Millennium Commission yesterday. Page 3

Section TWO
ARTS 6-10 CHESS 22 CROSSWORD 22 FASHION 12,13 LIFE 4,5 LISTINGS 20,21 MEDIA 16,17 REVIEWS 10 SCIENCE 14,15 TELEVISION & RADIO 23,24 WEATHER 21

Business 16-20
LEADING ARTICLES 14 LETTERS 14 NEWS 2-11 OBITUARIES 12 SHARES 19 SPORT 21-4 UNIT TRUSTS 20

COMMENT
Liz Hunt: Why are we a nation of fatties? Page 15
Thomas Kieflinger, a German commentator, reflects on his nation's missed opportunities, five years after reunification. Page 15
Another View: Prison reformer Stephen Shaw on the "supermax" jail. Page 14
Vicky Ward's Diary: Discovering how Cynthia Payne is partying again. Page 13
Leading article: "Less than a month after Mr Trimble's election, the omens for his leadership look considerably better than feared." Page 14
Weather: Western areas will start windy with heavy showers but will become drier later. Central and eastern areas may start bright but will be rainy later. Section Two, page 21.

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ARTS 6-10 CHESS 22 CROSSWORD 22 FASHION 12,13 LIFE 4,5 LISTINGS 20,21 MEDIA 16,17 REVIEWS 10 SCIENCE 14,15 TELEVISION & RADIO 23,24 WEATHER 21

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Raised in the Highlands



THE FAMOUS GROUSE
FINEST SCOTCH WHISKY

Quality in an age of change

news

Bishop apologises over sex-case funds

ALAN MURDOCH
Dublin

The Roman Catholic Archbishop of Dublin, Dr Desmond Connell, yesterday apologised publicly if he had misled anyone in denying church funds were used to make settlements in sex abuse cases.

This followed the revelation that his diocese in 1993 had provided £27,500 to a curate, Fr Charles Payne, based at Sutton in Dublin, to reach an out-of-court settlement with a former

altar boy who alleged he was sexually assaulted by the priest.

"If people have been misled by what I said [in a statement in May] I most sincerely apologise. It was not my intention to mislead, it was not my intention to cover up," he said.

"I have acknowledged since that I may have to qualify that in the future. My deepest concern has been first of all the protection of children, and secondly the care and pastoral care that is required to help people to overcome the trauma ..."

Speaking on Irish radio, he said legal constraints linked to possible criminal prosecutions meant he was fighting his case "with one arm tied behind my back".

Alluding to claims that Fr Payne's alleged victim was urged to give a verbal commitment to silence when the settlement was made, Dr Connell said the boy was still free to bring a civil or criminal case against the diocese.

The Archbishop said his statement in May that "church

funds are not used in any way to make settlements of that kind - the offending priest must find his own resources", had been an attempt to "send a signal to the priests of the diocese" that it would not be acceptable for them to expect the diocese to pay for such settlements.

He qualified this by saying that where the victim had been seriously injured, the church's "mission of justice and charity" meant he would have to "come to the rescue".

He insisted he had given the

payment as a loan and not as a church payment of compensation, and had not dealt directly with the priest involved. Dr Connell said Fr Payne was now in "some place we are not speaking about".

Dr Connell conceded that past failure to deal with offending priests meant the church had colluded in criminality. But he said: "We have learned from a very, very painful experience to change the way in which we deal with matters."

A church spokesman said yesterday that the secretary of the Vatican's Congregation of Bishops, Archbishop Jorge Mejia, had discussions on controversies affecting the Irish church over the weekend with both Dr Connell in Dublin and with Cardinal Daly, the Catholic primate, in Donegal. But he stressed the main reason for his visit had been to officiate at the ordination in Letterkenny of the new Bishop of Raphoe, Philip Boyce.

Meanwhile the Bishop of

Ferns, Brendan Comiskey, who last month left his post on a three-month sabbatical, confirmed he was receiving treatment in the United States for alcoholism. Rebutting press speculation that he had been forced out, he stressed the decision to go had been his.

Bishop Comiskey has been at the centre of controversy since June after challenging the Vatican to allow a debate on its rule of priestly celibacy.

Leading article, page 14
Holy disorder, Section Two

British Gas hit by rising complaint level

Complaints against British Gas are at an all-time high, according to a report by the Gas Consumers' Council, published last night.

The report reveals that 30,000 people have complained about poor service and falling standards so far this year - more than double the figure for the same period last year.

British Gas admitted last night that "levels of service fell in the early part of 1995" and it apologised to customers.

The company blamed the problems on "enormous changes" required by the Government's timetable for introducing competition to the domestic gas market next year.

But it now risks losing the Government Charter Mark it was awarded for meeting performance targets laid down by the Citizen's Charter.

The report also said that 9,000 families were left at some stage with no hot water, no gas to cook with and no central heating.

Gas Consumers' Council director Ian Powe, speaking on last night's *Watchdog* programme on BBC1, said he would not support British Gas if it applied for a Charter Mark now.

"I'm afraid they have paid off far too many of their highly-paid staff. They're taking on temporaries who are not of the same level of training - and there's confusion about who is dealing with what."

The company said that when service levels fell, it brought in extra staff and set up freephone helplines. It said "99.9 per cent" of its customers had not complained.

"We are proud of our Charter Mark which reflects our previous high level of customer service and we believe we should retain the award," it said in a statement.



Speaking terms: Irish PM John Bruton, left, and Ulster Unionist leader David Trimble after their historic meeting in Dublin yesterday

Photograph: Paul Faith/Pacemaker

Irish leaders shake hands across a 30-year divide

ALAN MURDOCH
Dublin

Dozens of curious faces crowded around eagerly to watch as the new leader of the Ulster Unionist Party sat down beneath the portrait of Catholic emancipator Daniel O'Connell in Dublin's Mansion House, home of the Lord Mayor, to sign the visitors' book.

He smiled but betrayed no hint of mischief as he wrote: "David Trimble, Lisburn, County Antrim, UK". It was his

strongest statement in a day of tentative handshakes and controlled language.

The first meeting between an Irish Prime Minister and an Ulster Unionist leader in Dublin's Government Buildings, and the first formal contact at this level since Terence O'Neill held sway in Stormont 30 years ago, began with the Ulsterman marking the Southerners' card.

Accompanied by his deputy leader John Taylor, and security spokesman Ken Macginnis, Mr Trimble hosted a reception to launch a 50-page Unionist leaflet - *An Economic Lesson for Irish Nationalists and Republicans* - which argues that with a £130bn (£31bn) foreign

debt the Irish Republic is in no financial state to afford a united Ireland.

The guest list included the normally vociferous nationalist Fianna Fail members, together with Mary O'Rourke, Ray Burke and other ex-cabinet ministers. All trooped in, cheerfully swallowing their ideologies for the occasion. Orange and green, in the shape of Mr Trimble and Fianna Fail leader Bertie Ahern - after a nervous pause - shook hands on the Mansion House steps.

Over lunch with the Irish Prime Minister, John Bruton, Mr Trimble discussed progress on the peace process, but, on emerging, declined to endorse

Mr Bruton's claim last Friday that a breakthrough enabling all-party talks to begin was " tantalisingly close. "I wouldn't use that word," he cautioned. Later, Mr Ahern said Mr Trimble seemed not to believe that the talks could begin this year.

The Taoiseach's optimism had become more guarded since Friday. He said there was no value in setting dates for all-party talks which could themselves become an inhibition, but said: "More people are talking to other people than was the case a few months ago... inexorably we are moving towards an all-inclusive dialogue." He added: "On the arms issue, Mr Trimble avoided taking a firm

position. But in stating that his views were well-known, he offered no hint of diluting his demand that IRA weapons be decommissioned before Sinn Féin could enter all-party talks."

He cited the terms of Paragraph 10 of the Downing Street Declaration, that "people establish their commitment to exclusively peaceful methods... they've got to prove that they are committed, and it is very difficult to see how that can be done without satisfactorily resolving the weapons issue."

Mr Trimble said the talks had been "much more positive and constructive" than those held during the Dublin Castle contacts in 1992. He also exchanged

views with the two Dail Opposition leaders, Mr Ahern and Mary Harney of the centre-right Progressive Democrats.

The sizeable Unionist delegation created a more positive mood over the lunch, suggesting areas of greater communication, and hinting at Unionist entry soon into the British-Irish Parliamentary body, which they have until now boycotted in protest at the 1985 Anglo-Irish Agreement.

One loud Unionist voice was missing however. From Belfast, the Democratic Unionist leader Ian Paisley rejected Mr Trimble's detente with the South as "futile" and warned that it "could weaken the union".

Porton Down to check on illicit weapons trade

TOM WILKIE
Science Editor

Porton Down, the Ministry of Defence's chemical and biological research centre, is to play a leading role in verifying that British companies are not illegally making or exporting chemical weapons.

But the Government plans to exempt the Wiltshire centre from legislation making chemical weapons illegal. The only public scrutiny of Government departments will be through ministerial accountability to Parliament.

The Government has taken the unusual step of publishing draft legislation before introducing the Bill to Parliament. The deadline for comments on the draft expires this weekend.

However experts say the legislation is not tough enough to

measure up to the international Convention on Chemical Weapons and may lead to difficulties. Nicholas Sims, of the London School of Economics, said "most of the elements of national implementation of the CWC are... absent from the draft bill."

Just 10 civil servants within the Department of Trade and Industry are to be responsible for monitoring more than 500 companies and 2,000 sites which employ lethally toxic chemicals that have a dual military-civilian use. The civil servants will constitute the "national authority" required by the CWC, which is supposed to keep track of the movements of all these chemicals and to investigate any discrepancies.

Porton Down's military experts will advise and assist the "national authority" in monitoring scientific developments that might lead to new types of chemical weapons.

According to Professor Julian Perry Robinson of the University of Sussex, this raises two problems. "The first is ensuring that CBDE [Porton Down] is not unduly selective in what it chooses to tell the national authority - that it does not hold back information about, for example, some attractive new chemical-weapons possibility."

In 1975, he said, the US Senate discovered that the CIA's Technical Services Division had retained stocks of a toxic weapon in breach of the Biological Weapons Convention.

The second problem was "whether Porton actually has the requisite reach into the industrial, academic and other worlds where there is leading-edge research."

Murdered girl could have led a double life

Murder squad detectives were yesterday questioning friends and relatives of a 15-year-old girl after her body was found at a secluded beauty spot.

Police say Nobantu Zani, whose decomposed body was found covered with branches on moors near Bingley, West Yorkshire, may have led a double life.

Nobantu, who liked to be known as Mandy, had not been

reported missing because her South African mother thought she was staying with a friend.

The teenager had not been seen since 11 September and police believe she was strangled soon after that date - with her own chignon scarf.

Mandy regularly played truant from Battershaw Upper School in Bradford, and had not been seen at home since 9 September. Her family have no idea where she had been staying.

Police believe her friends could hold vital clues to her death, and her closest friend has been asked to draw up a list of people who may be able to shed light on her life away from school.

Detective Superintendent Tony Whittle, leading the inquiry, said: "It may be that she was living some kind of double life. Her mother, until we spoke to her, had no idea that anything untoward had happened."



Nobantu Zani: strangled

Court computers in countdown to chaos

CHRIS MOWBRAY

A special programme is being written into a new government computer system to prevent thousands of non-existent criminal court cases being called for trial all over the country on the last day of the 20th century.

The Lord Chancellor's department is implementing the scheme to prevent legal chaos caused by ageing court computers which cannot speak Latin or understand the concept of eternity.

The problem surrounds the

use of the centuries-old legal term "sine die" in the 500 magistrates courts in England and Wales when cases are, in effect, adjourned forever.

The phrase, which means "without date", is used in cases where a defendant has not been acquitted, but where the court believes the charge is too minor to be dealt with or the defendant cannot be traced. Its use is particularly common for minor motoring offences.

When they first started using computers nearly 25 years ago, magistrates' clerks discovered

that their systems could not understand the phrase and needed to adjourn the cases to an actual date.

Because the early computers could not recognise dates after 2000, clerks in many areas adopted the practice of adjourning "sine die" cases until the last date at their disposal - 31 December 1999.

This means that on 30 December 1999 the courts' administrative systems are in danger of being overwhelmed as computers suddenly recognise that several years' worth of

phantom cases are due for hearing the following day.

The size of the problem is unknown because of the courts' huge annual workload of two million cases and because some clerks may have discovered a different way of dealing with it.

Unconfirmed estimates suggest, however, that some magistrates' courts may each have as many as 25,000 on file.

It is exacerbated because there are at least five totally different computer systems within the courts network.

"When the first systems were

introduced 25 years ago, the last day of 1999 was still a long way off and it did not matter if these cases were adjourned until that date," one of the computer experts trying to solve the problem said.

"It is only just over four years away and we have got to do something about it. Fortunately, computer software has advanced and the courts will not have to record false dates under the new system."

The new programme is part of the software for the Magistrates Courts Standard system which is costing about £60m.

IN BRIEF

Man held at port nuclear protest

One man was arrested last night as environmental protesters attempted to prevent two lorries carrying spent nuclear fuel leaving the port of Scrabster on the Scottish north coast.

The vehicles had collected the consignment of 52 highly-toxic rods from a German ship before transporting the two 13.5 ton flasks to the Dounreay nuclear plant in Caithness, where it will be reprocessed early next year.

The Scottish Campaign for Nuclear Disarmament attacked the decision to ship the consignment to Scrabster, claiming the risk of fierce storms in the North Sea at this time of year had been ignored.

Brain injury award

Lawrence Herring, from Gawcott in Buckinghamshire, who suffered severe brain damage a week after his birth at Poole General Hospital in Dorset nine years ago, was awarded £155m agreed damages against East Dorset Health Authority.

Cell death inquiry

An inquiry is under way after a teenager was found hanging in his cell at Stoke Heath young offenders' institution in north Shropshire. Christopher Craig Greenaway, 16, from Stoke-on-Trent in Staffordshire, had received a nine-month sentence in August for robbery and failing to surrender.

Advert criticised

The environmental pressure group Greenpeace was not justified in making claims in a newspaper advertisement that chemicals dumped in the sea were a prime suspect in causing male sexual organs to shrink, the Advertising Standards Authority ruled today.

Rally sex attack

Police are hunting a man who sexually assaulted a 26-year-old woman as she walked through a caravan site during a gathering of Harley Davidson motor cycle enthusiasts near Alwinton in Northumberland.

Father charged

Andrew Cartwright, 40, was remanded in custody by magistrates at Dudley, West Midlands, charged with murdering his daughter, Emma, 14, whose body was discovered at her home in Kingswinford, on Saturday night.

Palace raises £3m

Buckingham Palace raised £3m for the restoration of fire-damaged Windsor Castle from opening its doors to the public this summer. A total of 413,000 people toured the Palace state rooms during the 56 open days, compared with 420,000 during 57 open days in 1994.

Rapist jailed

A man who raped a 19-year-old church mission worker and then indecently assaulted her housemate was jailed for 12 years by a judge at Preston Crown Court. Darren Small, 25, from Belfast, who was staying with a friend in Lancashire at the time of the attacks, admitted rape and indecent assault.

Crash bike stolen

A thief stole a crashed motorbike as the rider lay injured after hurtling through a chip shop window at Station Town in Durham. The motorcyclist, Wayne Iley, 18, of Shotton Colliery, Durham, is recovering in hospital in Hartlepool after suffering neck and facial injuries in the accident.

Bill linked to deaths

A £2,800 bill from the Child Support Agency may have been the final straw that led Philip Mitchell, 36, of Northwich, Cheshire, to kill himself and his four children, police confirmed as the Cheshire coroner opened and adjourned an inquest into the five deaths.

Ecstasy remand

Magistrates at Blackpool remanded Julian Holmes, 24, of Cononley, North Yorkshire; Mark Harris, 25; Christopher Loughrey, 18; and Jason Wild, 24, all from Blackpool, in custody on charges in connection with the supply of ecstasy in the resort where a 17-year-old boy died from the drug last week.

THE INDEPENDENT ABROAD

Austria	£340	France	£500
Belgium	£360	Italy	£400
Canada	£200	Malta	£225
Cyprus	£210	Norway	£400
Denmark	£210	Portugal	£225
Finland	£210	Spain	£225
Germany	£210	Sweden	£225
Greece	£210	Switzerland	£225
Luxembourg	£210	USA	£300

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INSTRUMENTS FOR PROFESSIONALS

Millennium Commission: 'Exciting and trail-blazing' environmental projects benefit from latest lottery cash share-out

Green research complex lands £50m grant

RHYNS WILLIAMS

A £125m project to convert a disused colliery site in South Yorkshire into a high-tech visitor centre and education complex will receive up to £50m of lottery money in awards announced by the Millennium Commission yesterday.

The grant will help create the Earth Centre, a state of the art centre for environmental research and sustainable technology, on the 142-hectare site at Conisbrough, near Doncaster.

Announcing £109m in awards to 54 projects nationwide, Virginia Bottomley, Secretary of State for National Heritage, hailed the Earth Centre as "the largest education complex built in the UK since the Victorian museums of South Kensington".

She added: "It is a truly innovative project, constructed on entirely sustainable and ecologically-friendly principles. This project offers the UK the potential to become a world leader in information on sustainable technology."

A second major scheme unveiled was the regeneration of Portsmouth harbour, which will receive £40m towards its £86m cost. The scheme's backers hope to create an international maritime arena for locals and visitors. "The project will bring new life and activity to the whole of this historic sea front, could regenerate the entire region and is an exciting and imaginative use of Millennium Commission funds," Mrs Bottomley said.

The first stage of an ambitious plan to re-forest huge areas of Scotland was also given the green light as Mrs Bottomley, chairwoman of the Millennium Commission, listed a further 52 awards, totalling £19m. The Millennium Forest for Scotland will receive a grant of £5.75m towards its total £11.5m cost. Approval was

granted to the principle of the entire project, which could cost £100m and would eventually double the country's forests.

The first stage involves 45 separate sites throughout Scotland, from Orkney to industrial Lanarkshire, covering a combined area equivalent to 64 square miles. Half will be new woodland and half will be regenerated and reclaimed from existing areas. It aims to restore the native broadleaf and conifer woodlands which once covered much of the country.

Barbara Kelly, chairwoman of the Millennium Forest for Scotland Initiative, welcomed the grant: "The new woodlands will provide not only great scenic beauty but play a vital part in Scotland's culture and environment, its education and economy."

Other awards included £5.3m towards a £13m trans-Pennine trail for cyclists and walkers, and £4.3m to help with the £9.5m restoration of railway link between Porthmadog and Caernarfon in North Wales, first established more than 160 years ago.

Yesterday's grants follow the announcement in August of a total of £66.5m to various Millennium projects, the biggest of which was a £42.5m cycle route throughout the UK. Mrs Bottomley described the winners as "exciting and trail-blazing" and she invited applications for the next round of awards.

At the Labour Party conference in Brighton, the possibility was raised of a Labour government taking away the running of the lottery from Camelot and giving it to a non-profit making organisation.

A consortium chaired by Lord Young of Grafton plans to turn Shell's famous Downstream building on London's South Bank into a national performing arts institute. An application to the Arts Council Lottery Board for a feasibility study will be announced today.



Field of dreams: The slag heap at Cadeby pit, in South Yorkshire, that is to be transformed into a £125m Earth Centre for the millennium

Photograph: Asadour Guzelian

Slag heap makes way for world of grape trees

Jonathan Foster reports on an innovative concept granted £50m of lottery aid

Locals already had a vague awareness of strange goings-on down at Cadeby pit, and yesterday the Government dispelled confusion. It will not be a new Asda, but the third millennium instead.

Few projects of such startling originality can have a more improbable location than the Earth Centre, which yesterday won a £50m grant from the National Lottery, via the Millennium Commission.

The centre will seek to germinate development for the post-industrial age by researching and teaching new technologies that can accommodate the human race without destroying the planet.

On one level an application for Whitehall-funding of a museum, the centre makes no apologies for its millenarian quest to be "a world class educational initiative and an essential new tool in securing a sustainable future based on a green renaissance of society, economy and industry".

All this in Denaby, a South Yorkshire pit village without a pit, its human resources demoralised and impoverished since the day on the picket line 10 years ago when the miners knew their battle was lost.

The idea for an example of

sustainable development, a Great Exhibition of ecology, was hatched in 1989 by Jonathan Smales, a former director of Greenpeace. Mr Smales originally wanted the centre to be built at Canary Wharf, in Docklands, east London. But the response in the capital was muted and Mr Smales found unbridled enthusiasm in the Deane Valley public and private sectors for a project he likens to the construction in London of the great Victorian museums.

The total cost of completing the centre by 2000 is estimated at £125m, the commission join-

ing private and EU investors to transform 350 acres of slag heap and dirty rivers. In their place will rise three striking pavilions, examples of innovative architecture. The Ark, the Sustainable Futures Centre and the Sustainable Science and Industry Gallery are forecast to attract 2.5m visitors in 2000.

Mr Smales anticipates new green technology industry will develop in the valley, inspired by the innovation boastfully promoted by the centre. About 800 jobs will be provided at the centre, but the spin-off from industrial development and

education projects including expansion plans by the two Sheffield universities could turn the Deane into a sustainable variant of silicon valley.

The project list is exhaustive: humane and organic farming; simulated rides inside forests and giant mammals; "clean" buses; advanced water transport; nature reserves; sustainable methods of manufacturing and power generation.

Sir Crispin Tickell, former UK ambassador to the UN and president of Earth Centre, said the project would collect "a convey of ideas". Sir Crispin, a se-

nior government adviser on sustainability, said Denaby could influence policy. "The thing we have always lacked is a practical demonstration, an exemplar to the world."

Denaby, in the shadow of Ivanhoe's castle, was yesterday awakening to the stirrings at the colliery site. "All I know is it's got grape trees in it," one local said. Now £50m of government money is making even sceptics believe that the contaminated ground will be cleansed and the ancient woodland of the valley reach down again to the rivers.

And for those who would have preferred an Asda, the centre will also sell meat, fish and vegetables.

Top Six Millennium Commission Awards

1. The Earth Centre, Conisbrough, nr Doncaster, South Yorkshire. Grant of up to £50m towards a £125m project to establish a world centre for environmental research and sustainable technology.
 2. The Millennium Cycle Route. £42.5m towards a £183m project to create 2,500-mile cycle route throughout the UK.
 3. Renaissance of Portsmouth. £40m for an £86m harbour development which will create an international maritime leisure complex.
 4. The Groundwork Foundation. £22.1m for up to 21 projects in England and Wales to help communities reclaim wasteland, to improve the local environment and benefit local people through community schemes.
 5. The Millennium Forest for Scotland. Potential grant of £5.75m towards an £11.5m series of 45 projects to extend native woodland and conserve wildlife in Scotland.
 6. Trans Pennine Trail. £5.33m for a £13m, 714km route for walkers and cyclists linking Merseyside with Humberside.
- The Millennium Commission has announced grants totalling £175.5m towards 81 projects nationwide.

Children more upset by 'real' TV violence

CHARLES ARTHUR
Technology Correspondent

Children find violence in news programmes and nature documentaries more upsetting than in video games or films, according to new research. Almost nine in 10 children aged between 13 and 18 have seen videos with "18" certificates, and only one-third said they found the violence upsetting.

But 82 per cent of the children interviewed by Guy Cumberbatch, senior lecturer in ap-

plied psychology at Aston University, found violence in news more upsetting than in videos or computer games.

The research, involving 305 children aged between 13 and 18, backs up work to be published later this year by Mark Allerton, a researcher at the Institute of Education, which found that children find TV violence the most worrying because they know that it is real.

"Children can tell the difference between fantasy and re-

ality," Mr Allerton said. "The more real an image is, the more frightening they find it."

Mr Allerton believes that efforts to increase regulation of videos, put forward by a number of child psychologists, notably Elizabeth Newton, are misplaced. Last year Ms Newton wrote to MPs saying that she felt a "steady diet" of violent videos and films would deaden children to its effects in real life.

However, Mr Allerton said: "It's plain to everybody that those measures are not going to

work with children's increased access to all sorts of media. Rather than making these things into forbidden fruit, we should be teaching children to grow up to be critical viewers who can deal with something that they find scary."

In the Aston research, 63 per cent of the children said they had never been upset by violence in films or videos, and 72 per cent said there was a difference between violence in videos and in real life. For computer games, the figures were 93 per cent and

83 per cent. "Children don't find fiction frightening or if they do, they often enjoy it: people like horror films," said Mr Allerton.

However, his work has found that news programmes from war zones and wildlife documentaries in which animals kill each other can be more traumatic for children than videos.

His survey found that children regulated their own viewing and distinguished carefully between images they find "pleasurably" frightening and truly frightening.

English apples face a crunch

As many as half of Britain's apple farmers will go bust if the flood of cheap French apples goes unchecked, according to representatives of English apple sellers. Cut-price French apples, subsidised by Europe in protest at nuclear tests in the Pacific, have been dumped in Britain, undercutting native crops.

Germany and Scandinavia are boycotting the French apples, forcing the perishable goods into Britain at rock bottom prices. Malcolm Schofield, managing director of the Eng-

lish Fruit Company, said: "Our market is being destabilised by a flood of French apples at ridiculously low prices which don't even cover the cost of production. They are dumping their apples on our market."

Mr Schofield, whose company represents more than half of English apple sellers, claims unwitting shoppers who would normally opt for a Cox are being lured by cut-price Golden Delicious apples.

"Customers over here just see French apples as good value for money. They don't realise that

if this goes on much longer we could see half of the apple growers in this country go out of business," he said.

David Browning, chairman of English Apples and Pears Ltd, also claimed British shoppers were being set up as "fall guys". "The English Cox is the number one dessert apple and it will be the main casualty," he said.

Mr Schofield is spearheading a British apple invasion in Europe. On Saturday he met German importers in Cologne to persuade them to buy surplus British apples.

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LABOUR IN BRIGHTON

Shadow chancellor's speech: youth unemployment priority with call for 'wisdom' in keeping to promises

Brown warns left 'no shopping lists'

STEPHEN GOODWIN
Parliamentary Correspondent

Gordon Brown yesterday warned the Brighton conference that there would be "no pay explosions" under a Labour government and no "shopping lists" of irresponsible commitments.

"We will not build the new Jerusalem on a mountain of debt," the shadow chancellor said at the start of a day-long debate on the economy.

But he balanced the stern message with an aim to cut VAT on gas and electricity, a commitment to a publicly-run railway network and a promise to spend £1bn on getting young people into work.

Some 600,000 young people were out of work today, Mr Brown said. Many of them were rootless, some homeless and all of them poor. "If this betrayed generation - the generation of Thatcher's children, now Major's young forgotten unemployed - cannot be rescued from years, perhaps a lifetime, of unemployment and the risk of eventual unemployment, then the lifetime costs of hun-

dreds and thousands of wasted lives will weigh down our economy and divide our society for another 40 years."

Mr Brown said a Labour government would introduce a £75 a week incentive to help the long-term unemployed back to work, release capital from council house sales, improve childcare provision, and give small businesses VAT relief on taking on workers.

Under Labour, no young person would spend years without a job, he insisted. "Our plan is nothing less than to abolish youth unemployment."

Mr Brown said he would not make promises he could not keep or plans he could not pay for. The programme for young people would cost £1bn in the first year, paid for by a levy on the windfall profits of privatised utilities. It would include an environmental task force and the abolition for 18- to 24-year olds of the "iniquitous" 16-rule which limits the time they can spend on training courses while receiving benefit.

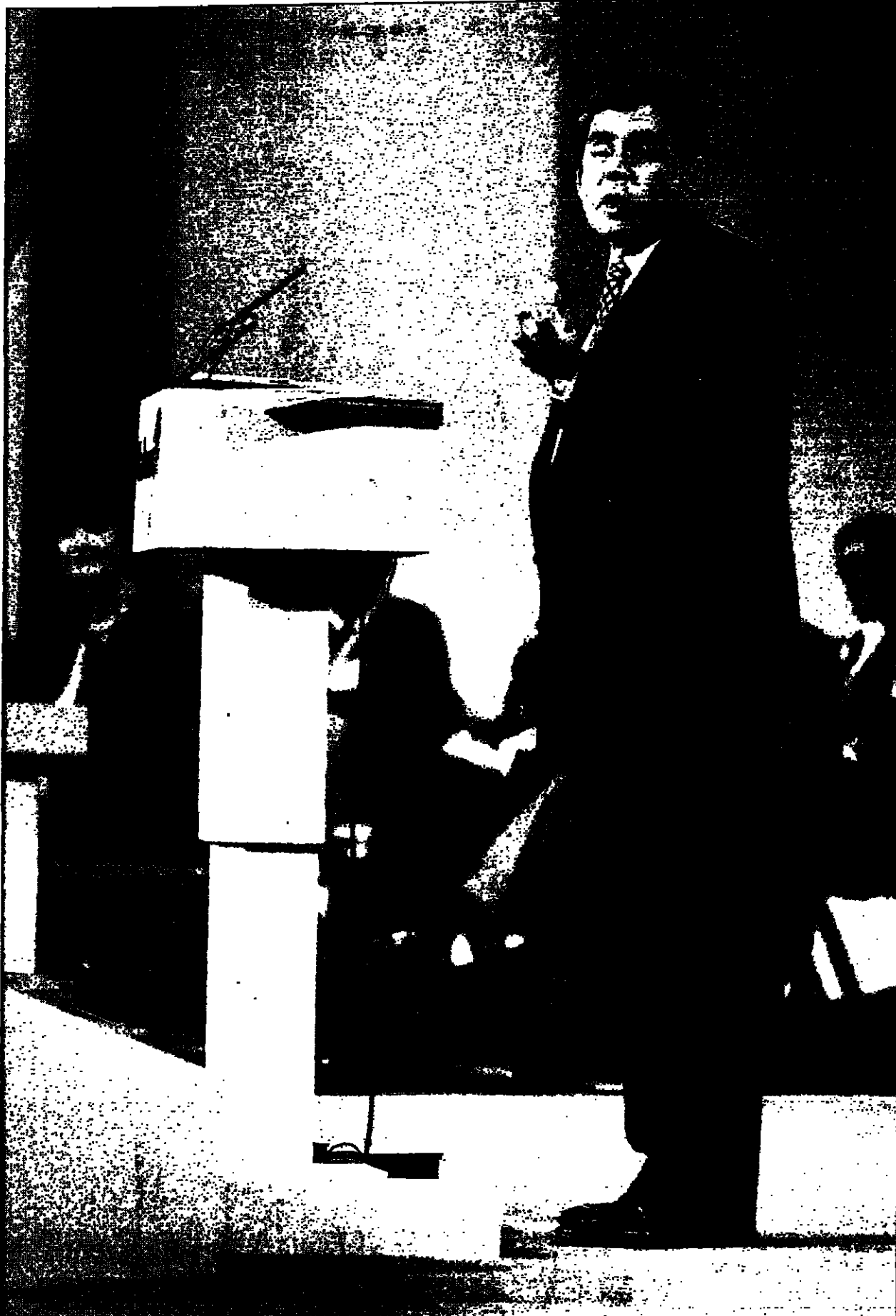
In a well-received attack on the Conservatives and their

"crude and wasteful dogma of the free-for-all," Mr Brown said mass poverty could not be privatised away nor urban squalor deregulated away.

"It is the same flawed ideology and bankrupt morality - greed, waste and short-termism - which has brought us everything from the disgrace of the £1,000-a-question Tory MPs, the squalid procession of Tory ex-ministers on the make in the City, and the scandal of lottery money going to Elton when it should go to every school."

Promising the party would try to stop rail privatisation, Mr Brown said that behind the carve-up of BR into some 70 companies was the search for directorships by retiring Tory MPs. "Boardroom seats are the last seats they'll ever be selected for," he said.

Cautioning on the need for prudence, he said the 1945 Labour government was remembered not for how much it spent but for the wisdom of its investment in Britain's future. "I want our Labour government remembered not as a big spender but as a wise spender."



Cash point: Gordon Brown, the shadow chancellor, addressing the conference yesterday

Photograph: John Voss

Prescott rebuked on child benefit

COLIN BROWN
Chief Political Correspondent

Gordon Brown yesterday distanced himself from plans to tax child benefit and warned leadership colleagues not to preempt a review by Donald Dewar, the party's social security spokesman.

His remarks amounted to a mild rebuke for John Prescott, the deputy leader, for fuelling the speculation that Labour will tax child benefit.

Mr Prescott said it would be one way of targeting the benefit on those who needed it while maintaining Labour's key commitment to child benefit as a universal payment.

The Shadow Chancellor yesterday said he had not committed Labour to taxing the benefit. Challenged about Mr Prescott's remarks on BBC Radio, he said: "What John Prescott and I have both said is we will look at the report of the Social Justice Commission. It recommended that there is a case for taxing child benefit."

"Donald Dewar is looking at the conclusion of that report at the moment. He will be reporting soon and until he has made the report, I am not going to prejudge it."

There is no doubt that Labour intends to target the benefit, Tony Blair, the Labour leader, said last week: "I don't think anyone disputes that those earning large sums of money don't really need to have child benefit."

The Child Poverty Action Group has attacked the taxation plan as "unintelligent". The development of separate taxation for husbands and wives could create embarrassing anomalies if child benefit was taxed.

Sources close to Mr Brown cited the example of a woman earning £25,000 who would pay tax on child benefit, but a housewife who was not earning could escape tax, even if her husband earned £200,000.

Taking it would also prove so expensive, it may not be worth the controversy it would cause. Tax would save only £40m or 0.65 per cent of the £6.1bn annual bill for the benefit.

Breaching the independent taxation rule and treating child benefit as a couple's income would save £300m, or less than 5 per cent of the total bill.

Means-testing could undermine Labour's commitment to retain it as a universal benefit. "It will still be a universal benefit paid to mothers."

The question is can we claw that back through tax? There will be no going back on independent tax. The difficulties could prove insurmountable," said the Labour source.

Child benefit is paid for all 12,685,000 children at a rate of £10.40 for the oldest child and £8.45 for other children at a cost of £6.1bn - the equivalent of about 3p off the basic 25p rate of income tax.

Harman figures way out of minimum wage trap

The threat of damaging conference split over a national minimum wage evaporated when constituency delegates agreed not to push a minimum figure of £4.15 an hour to a vote, writes Stephen Goodwin.

Setting the rate would be the task of a low pay commission, in consultation with trade unions and employers, following a Labour election victory.

Welcoming the decision of Edinburgh Central CLP not to press the figure, Harriet Harman, Labour's employment spokeswoman, said the minimum wage had moved on from being a symbol to become practical policy. "There was a clear spirit of unity and agreement that what we have done is toughen up our policy ready for government," she said.

The party is to set up a preparatory group to study wage

floors in other countries, consult, and ensure a mechanism is in place to implement the policy as soon as the commission has decided on a rate.

Moving the £4.15 composite motion, Jane Saren, of Edinburgh Central, said the £8,000 a year it added up to "pales into insignificance beside the telephone number salaries of the chiefs of the privatised utilities".

Setting a figure would be a commitment to the difference a Labour government would make, Ms Saren said.

However, after persuasive speeches from Ms Harman and delegates, she agreed to remit the motion. Ms Harman promised Labour would legislate for a minimum wage but said the conference could not both have genuine consultation and set a figure. "The Tory message of a low paid job or no job

is a message of despair and we totally reject it. Our goals are full employment and an end to poverty pay. With Labour, they will go hand in hand."

After campaigning for £4 an hour at the TUC conference last month, Bill Morris, general secretary of the TGWU, repeated his call for a minimum wage but did not mention the controversial figure.

But Kumar Sandy, of Welwyn and Hatfield, criticised the "do not disturb" message of Labour image makers. "If we don't name our figure, how can we ever convince traditional voters that there is any substance behind the rhetoric?"

In another positive move for the party leadership, the conference rejected a motion calling for the renationalisation of the water, gas, electricity and telephone industries.

Hattersley spells out conditions to end schools rift

COLIN BROWN
Chief Political Correspondent

Roy Hattersley, former deputy leader of the Labour Party, last night demanded three pledges to end the splits within the party over Tony Blair's plans for education.

Mr Hattersley challenged Labour's shadow education secretary, David Blunkett, to give reassurances to the conference in the keynote education debate

tomorrow, to end splits which emerged after the publication of the policy document "Diversity and Excellence".

"Thousands of party members - very few of them extremists by any definition - were offended both by the tone and content of Diversity and Excellence," Mr Hattersley told a fringe meeting of the Socialist Educational Association at the Labour conference.

Forty constituency Labour

parties have submitted resolutions to the conference, calling for the abolition of grant-maintained schools. The anger in the party at the leadership policy over GM schools is likely to emerge with a composite opposing Labour's policy. The party's national executive has urged its rejection.

Mr Blair has been sharply criticised for softening Labour opposition to GM schools after sending his son, Euan, to the

London Oratory, which has GM status.

Labour plans to rename GM schools "foundation schools", and allow them to keep some of their independence, alongside existing comprehensives, known as "community schools".

Mr Hattersley dismissed the idea they could have different but equal status. He said: "If they are the same, why do we bother to make the distinction? I have asked the question

time after time this summer and I still have not got an answer.

"All I get is a red herring about church schools. But in the hope of uniting the party, I hope we can rally round the absolute minimum necessary to confirm that the comprehensive idea is alive and well."

Mr Hattersley called on Mr Blunkett to give the following assurances: that most funding will be allocated to the schools with the greatest need; that se-

lection by pre-entry interviews of pupils and parents will be banned to prevent academic selection being replaced by "social selection"; and all parents in an area should be balloted when grammar schools are incorporated into the system.

"I do not pretend that they would make me an enthusiast for Diversity and Excellence. Nothing which created two distinct sorts of secondary schools can ever be that," he said.

Modernisers retain hold in NEC poll

PATRICIA WYNN DAVIES
Political Correspondent

Labour modernisers and right-wingers retained their grip on the ruling national executive committee in yesterday's annual elections.

Jack Straw, the home affairs spokesman, fell victim to a rule change to boost the number of women in top party posts which saw Mo Mowlam, the shadow Northern Ireland secretary, elected for the first time.

While the sprinkling of left-wingers across all three sections of the 24-strong executive committee remains a distinct minority, the two left wing MPs who retained their places in the constituency section - Dennis Skinner, MP for Bolsover, and Diane Abbott, MP for Hackney North & Stoke Newington - improved their vote.

Another feature of the results was the improved position of Gordon Brown, the shadow chancellor, moving up from third place to second. David Blunkett, under fire from some



Changing places: Jack Straw, left, who lost his NEC place, and Mo Mowlam, elected

activists for shifting policy on grant-maintained schools, dropped from second to third. Like last year, Robin Cook, the shadow foreign secretary and chairman of the national policy forum, topped the poll.

Mr Straw said he had expected the result - although the votes had been cast prior to his controversial speech on "squeaky merchants" and aggressive

absence of the rule Ms Abbott, who polled fewer votes than Ms Mowlam, would have lost her place. The third woman, Harriet Harman, retained last year's fourth place.

Mr Straw said he had expected the result - although the votes had been cast prior to his controversial speech on "squeaky merchants" and aggressive

beginning. "I supported the move to increase the number of women on the NEC and I am delighted that Mo is going on it," he said.

Ms Mowlam, a Blairite moderniser, said: "I am very pleased to have the chance to be a member of the NEC." Strongly backing the women's quota, she said: "We are serious about try-

ing to get better representation for women."

Margaret Beckett, spokeswoman for health, topped the poll in the women's section. Joan Lester, the "soft" left overseas aid spokeswoman, also kept her place.

The new executive: Union section - Dan Duffy, TGWU (3,700,000 votes); Diane Holland, TGWU (3,685,000); Vernon Hince, RMT (3,685,000); John Mitchell, GPMU (3,683,000); Mary Turner, GMB (3,659,000); Maggie Jones, Union (3,639,000); Margaret Wall, MSF (3,611,000); Alan Johnson, CWU (3,607,000); Bill Connor, Udaud (3,594,000); Nigel Harris, AEEU (3,571,000); Richard Rossiter, TSSA (2,953,000); Christine White, Unison (1,488,000). Socialist Section - John Evans (43,000). Constituency Labour Parties - Robin Cook (85,670); Gordon Brown (79,371); David Blunkett (75,984); Harriet Harman (69,092); Dennis Skinner (64,285); Margaret Mowlam (53,578); Diane Abbott (45,653). Women (results as percentage of total cast) - Margaret Beckett (18.75 per cent); Joan Lester (18.28 per cent); Diane Jones (17.84 per cent); Clare Short (17.15 per cent); and Brenda Etchells (14.68 per cent).

Davies supporters to seek review of ban

Labour was last night bracing itself for a fresh round of protests from supporters of Liz Davies, who will attempt to get her banning as parliamentary candidate for Leeds North East sent back to the national executive, writes Patricia Wynn Davies.

The planned move in this morning's debate on the controversial blocking of the left-wing Islington councillor could turn heavily on the attitude of the big unions. While the TGWU pledged its support for Ms Davies yesterday, Unison withheld it. With the AEEU and the GMB likely to back the report, the attempted rebuff of the leadership could founder.

Delegates have no right to throw out the report on a vote, but a successful attempt to "refer back" the report would exacerbate party embarrassment when it had hoped to have dampened down the issue. If it succeeds, however, the NEC can simply reach the same decision to withhold endorsement as a

candidate. Criticising what he called the "indifference" of the leadership, Alan Simpson, MP for Nottinghamshire South and a member of the left-wing Campaign Group of MPs, said: "It's not back me or sack me. It's back me or shove off."

Disputing comments by Tony Blair in a *Guardian* interview yesterday, Ms Davies said her politics were identical to more than those of 20 other Labour MPs. "Tony Blair has no grounds for suggesting that I would not support a Labour government in a situation of difficulty. I resent this smear."

The Tony party chairman, Brian Mawhinney, urged Tony Blair to drop Dawn Primarolo from his Treasury team because she, like Ms Davies, had refused to pay the poll tax.

A Labour spokesman said: "The NEC made it clear that Liz Davies was an unsuitable candidate because of a period of years of political history, rather than a specific issue."

Quotes

"New Labour: a party within a party" - Dennis Skinner, Labour MP for Bolsover.

"Let's end the embarrassment of being talked to in corridors by people who haven't spoken to you for a whole year" - Kate Hoey MP, arguing for ending Shadow Cabinet elections.

Today's business

Conference will hear the address from Tony Blair, the leader, and debate trade union links, party rule changes, Europe and women-only shortlists.

Old guard battle against spin as utility players call the shots

You would think from the media previews that the whole of Brighton had been taken over by the Tony Blair circus, presently pitching its big top on the prom, Prescott the clown ready to take centre stage as always.

But there are still people to be spotted about the town not wearing Armani, their pockets unencumbered by mobile phones, going about their business apparently unperturbed by the public relations activity spinning around them. People like Tony Benn, for instance. He sat at the back of the conference hall as New Labour went



JIM WHITE

through its first morning, watching the activity on the hi-tech platform (colour scheme pink with grey fringes), face longer than a composite motion. His eyes almost rolled out of the top of his head as Chris Smith, her-

itage spokesman, made his bid for Labour's big idea. "Under Labour, lottery funds will be used for a Millennium Archive, digitally-stored access to the country's greatest treasures," said Smith.

The light murmur that greeted Smith suggested the conference wasn't sure this would deliver the keys to Number 10. In fairness, there may have been better chance of applause for Smith's call for "real electronic democracy" were the hall not less than a quarter full at the time. The delegates, it seemed, preferred to be elsewhere,

where the real action was. Such as in the village of special interest stalls which litter the downstairs of the conference centre. Here was a taste of New Labour: the privatised water companies had a stall, and British Airways and British Nuclear Fuels, all offering information about how they were run in the national interest. The biggest scrum for information, however, was around the Sainsbury's kiosk. "Guess the grape and win a bottle," said a woman handing out free beakers of plonk. "And if you can't guess, just have a drink anyway." Like

a corner shop when a supermarket opens up the road, the Fabian Society stall opposite (personated by a Liz Davies lookalike, earlobes straining under several kilos of costume jewellery) was unable to compete with information like that.

It is on the fringe, away from the stage-managed rally on the platform, that you imagine you would find the kind of talk to make Tony Benn smile. Except even here, the spin doctors were in control. Peter Mandelson hosted the biggest meeting of the opening day, handing out leaflets recruiting new can-

vassers ("if you reply within seven days," purred the copy, "you will be entered into a draw for a special gift personally signed by Tony Blair").

"You may have read over the summer that I am a great believer in media manipulation," said Mr Mandelson, opening the meeting. "Well that is true. He then asked all representatives of the media to leave the room so he could spin in private."

Meanwhile, back in the hall, there was one moment when the old did its best to bat against the spin. A delegate urged that British Gas be brought back into

public ownership as soon as Labour won the election. "I see old people in tears all the time because they cannot afford the prices charged to line millionaires' pockets," he said, words which Tony Benn greeted like old friends.

There was a hint that the delegate might not get his way, however, in the official documentation for the conference. On the back page of the glossy info pack (cost: £15, New Labour doesn't need any lessons in monopoly pricing) is a full-page advertisement for British Gas.

Probation officers court threat to Howa

Poll-tax riot jailed after years on r



Probation officers in court threat to Howard

HEATHER MILLS
Home Affairs Correspondent

Probation officers are to take Michael Howard, the Home Secretary, to court over his plans to dismantle their college-based training.

The National Association of Probation Officers is to seek judicial review of the decision, which they say has been taken against a wealth of evidence and advice and puts the public at risk.

Out of 504 individuals and organisations consulted by the Home Office, only 11 were in favour. Over 200 MPs, university vice-chancellors and the Central Probation Council, the national employers' organisation, have reservations about the plans, which they say will leave recruits lacking basic educational skills in areas such as motivation and psychology.

Under the changes, officers will no longer need to gain a university social work diploma in a two-year course before being recruited, and will instead be trained "on the job".

Baroness Blatch, the Home Office minister, said the move is intended to make it easier for older people – including those with military or uniformed backgrounds – to join the service. She denied the changes would leave untrained officers responsible for dangerous criminals. "Mature people with valuable skills and experience accumulated from years in other professions need no longer be barred from employment in

the service," she said. "Instead, they will be recruited on the strength of their abilities and then receive rigorous individual training and tough assessment."

The move is seen in the profession as an attempt to shift the service towards a more discipline and punishment base – rather than dealing with offenders' social and psychological problems. It is also suggested ministers want to reverse the trend of more women joining the service. An internal Home Office report described as "startling" the fact 68 per cent of new entrants were female.

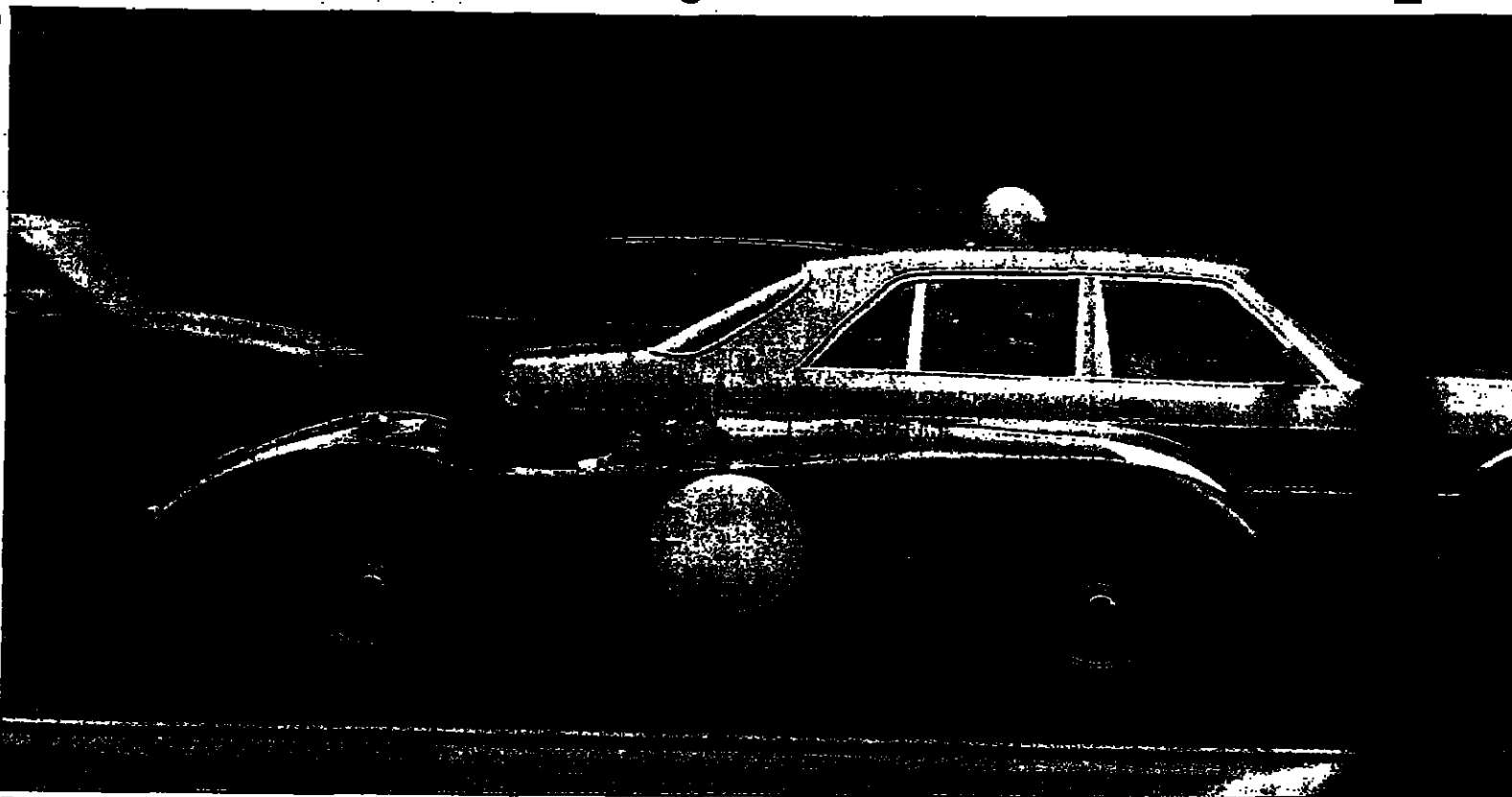
The probation officers' association said it would refuse to co-operate and branded the changes "extraordinary". It said that about 10 per cent of probation officers already had a military, police or prison background and 30 per cent of new recruits were over 40.

Harry Fletcher, assistant general secretary, said the decision "flies in the face of all available evidence. We have taken legal advice that the route of judicial review is open to us and we will pursue this with vigour".

A spokesman for the Association of Chief Officers of Probation said: "We see it as a degradation in the standards of our service which will impact on public safety. The bottom line is that poorly trained probation officers won't be able to execute their duties as well as well trained officers and therefore dangerous people won't be contained as effectively."

Vintage victory for car tax campaigners

CHRISTIAN WOLMAR
Transport Correspondent



Fast lane: A 1952 Jaguar C-type, on sale at Coy's of Kensington for £320,000, which will soon be exempt from road tax. Photograph: Glynn Griffiths

Owners of classic cars and other vehicles over 25 years old are likely to be made exempt from road tax when a new scheme to fight tax dodging is introduced.

A consultation paper published in the spring suggested that all car owners would have to pay vehicle excise duty for their car continuously, even if they were off the road for a long period. However, when classic car owners realised they would be caught by this new regulation, they lobbied for exemption.

Current estimates suggest that there are more than 400,000 cars over 25 years old in Britain, many of which are only used in the summer, while others are off the road for several years while they are restored. Under the original proposal, once these cars were put back on the road, the owner would have had to pay tax for the whole intervening time.

However ministers, under pressure from Tory MPs who have lobbied intensively on the issue, are likely to announce the exemption at next week's Tory party conference.

Poll-tax rioter jailed after 5 years on run



Out of control: Jeffries attacks a police van with a post at the height of the 1990 riots in Trafalgar Square

A leading poll-tax rioter seen by millions on television hurling a post through the window of a police car, was jailed for two years and 10 months at the Old Bailey yesterday.

Nicholas Jeffries, 33, appeared in court more than five years after the riot in Trafalgar Square, which was described as containing "the most violent scenes of disorder this century". Police officers said that the riot, which caused £6m damage and left more than 500 police injured, was the most frightening event of their careers. "At times... they actually feared for their lives," said Jonathan Laidlaw, for the prosecution.

Before sentencing, Mr Justice Hooper was shown video footage of the riot in which Jeffries attacked police vehicles. Dexter Diaz, defending, said that Jeffries had not gone to the demonstration intent on violence, as he was with his pregnant girlfriend, but he had "over-reacted" when he saw a police vehicle drive into the crowd at some speed and knock down a demonstrator.

The officer injured in Jeffries's attack, PC Robert Huntley, said it was only when he saw a video of the incident that he realised how frightening it was. Jeffries was identified from film and photographs of the

scene by a warder at Shepton Mallett prison, Somerset, where he was on the run from a 15-month sentence. But by the time police knew who he was, he had fled to Sweden. He finally settled in Holland where he was arrested at the beginning of this year for travelling on a tram without a ticket. British police applied for his extradition, but Jeffries waived his rights of appeal and returned voluntarily.

At the Old Bailey yesterday, Jeffries denied the more serious charges of riot and attempting to cause grievous bodily harm to PC Huntley, and his guilty pleas to the lesser charges of violent disorder and assault occasioning actual bodily harm were accepted by the Crown.

Mr Laidlaw said that although most of the demonstrators were peaceful, a "hard core" had been bent on using the demonstration as an excuse to attack police and property. Jeffries had played "a leading part" in the violence which began when the marchers reached Downing Street, and peaked in Trafalgar Square when police were attacked with wood, crash barriers and lumps of concrete torn from the pavement.

Jeffries, originally from Clevedon in Avon, has previous convictions for drug smuggling, assault and motoring offences.

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news

Governors defy court order as head is sacked

SARAH STRICKLAND

Governors at a grant-maintained school in Essex have sacked their head teacher, ignoring a High Court ruling and offering the head no chance to plead her case.

David Hart, general secretary of the National Association of Head Teachers, believes the governing body of Belfairs Community College has acted illegally in dismissing Marie Younie without a proper hearing and despite an injunction preventing its disciplinary committee from meeting.

He has written to Gillian Shephard, Secretary of State for Education and Employment, detailing his concerns, and has applied for a further injunction to block the dismissal. The governors should be held in contempt of court, he claims.

"They have clearly ridden rough-shod over official procedures," he said. "I have never come across a case like it. It is quite extraordinary that a governing body should behave in this manner, faced by a court order."

Ms Younie was suspended last year while at home con-

vincing from a major operation. She believes a group of governors and senior teachers took exception to her ideas for raising expectations and achievement in a school that had been performing poorly.

With the disciplinary committee due to meet on 21 September, the NAHT obtained an injunction on the grounds that the panel was improperly constituted.

The judge ordered that submissions be made early this month, but on 22 September Ms Younie was told she had already been dismissed. The disciplinary panel had been reconstituted and had gone ahead, despite the court order.

Parents were informed of the dismissal in a statement from Elizabeth Mashford, chairman of the governors. According to Mr Hart, the statement, which details the complaints against Ms Younie, is "highly unorthodox and prejudicial". Ms Younie has had no chance to present her case or to appeal.

Charles Latham, a governor, said the governing body had acted on legal advice but would not comment further.



Polished image: A male standing figure from Zaire, part of *The Art of a Continent*, an exhibition which opens at the Royal Academy tomorrow Photograph: Brian Harris

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Health chief declares war on old treatments

LIZ HUNT
Health Editor

Stephen Dorrell, Secretary of State for Health, yesterday pledged to use science more effectively to improve patient care by identifying the best treatments faster, and weeding out those that have no place in a modern health service.

Mr Dorrell, who has already declared war on inefficient hospital managers, signalled that research and development (R&D) in the NHS is also high on his agenda at the Department of Health, claiming that it has the potential to make the "single biggest contribution to patient care in this country as we approach the next century". He promised to commit "real resources and management support" to ensure that the most up-to-date knowledge of which treatments are effective – and which are not – is made available to clinicians.

Speaking in London at the first international conference on the Scientific Basis of Health Services, Mr Dorrell said: "It is

no longer sufficient to rely on clinicians reading articles in the learned journals. They need ready access to research results – an effectiveness index on tap as it were." He emphasised the need to make a serious commitment to ensure that the results of modern medical science are made easily available to NHS clinicians, and cited the example of "clot-busting" drugs for heart-attack victims. Despite strong evidence of their benefits in saving lives, the drugs took more than a decade to begin to permeate medical practice. Up to a fifth of patients who would benefit still do not receive the life-saving drugs.

Mr Dorrell also said that, in the past, there had been a "development gap, a hiatus between research and practice", where the results of clinical trials worldwide had been unavailable for use.

But he warned that the "rigorous assessment" of new ideas must also be applied to existing practice, and obsolete methods phased out. "If we want to see the outputs of science and tech-

nology used to best effect, ineffective and unnecessary procedures need to be abandoned. We need to identify and address the use of ineffective drug therapies, as well as other practices, such as the use of unnecessary gynaecological procedures on younger women and examples of ear, nose and throat surgery in childhood which appear to be of doubtful value."

Mr Dorrell denied this would lead to rationing by the back door, but said health-service managers had an obligation to set priorities. Expensive treatments that offered only marginal improvements on existing treatments should be used sparingly, but those which represented a big step forward in treatment should be a high priority regardless of cost.

He is hoping to reassure critics who say that R&D is a prime casualty of the changes in the health service. A government task force last year reported claims that short-term cost pressures were driving out investment, and the clinical science base was being eroded.

The NHS scientific community has also been hit by the resignation of key researchers following the reorganisation of London hospitals. But Mr Dorrell said that R&D was now a "core activity" of the NHS, established as a new programme in 1990 to create a link between the health service and the methods and products of science.

Five years on, the Government is committed to a target expenditure of 1.5 per cent of the health budget on R&D, and each health authority is required to make a contribution towards that fund.

Sir Richard Sykes, chief executive of Glaxo Wellcome, who gave the inaugural address of the conference to more than 1,000 delegates from 40 countries, said the biological, technological and information revolutions had dramatically improved treatment and had immense potential to achieve further breakthroughs. But he warned: "We shouldn't just rush off and use this technology at a whim. It's going to be very, very expensive."

Routine operations on hit-list

Since the inception of the NHS in 1948, new treatments and procedures have been introduced in a piecemeal and haphazard fashion. The rationale for implementation appeared to be "if it is new, it must be better and we must have it".

In fact, it is estimated that less than 15 per cent of health service "interventions" have been proved to be beneficial to patients. It comes as no surprise to learn that in the new cost-conscious, market-style NHS, some of these interventions are to be phased out.

Stephen Dorrell, Secretary of State for Health, declined yesterday to spell out which treatments would be phased out of routine use in NHS hospitals and clinics but it is not difficult to guess what they might be.

John Yates, a former government adviser, has said that

of the top 10 operations performed in NHS hospitals, only hernia repair and cataract surgery are widely regarded as sound procedures with a high degree of clinical agreement about who will benefit and when the operations should be done.

The more questionable operations include hysterectomy, tonsillectomy, D&C or womb scrape before the age of 40, and the insertion of grommets to treat glue ear. In the latter case, 80 per cent or more clear up without treatment.

There are some "innovations" that have assumed popularity without adequate investigation of their use or proper training of the people who use them: keyhole surgery

is one example. Several patients have suffered long-term internal damage after inappropriate use of keyhole surgery or less than optimum handling of the equipment.

Chorionic villus sampling (CVS) was hailed as a major advance in pre-natal diagnostic testing as doctors were able to perform it weeks earlier than existing tests such as amniocentesis. It was widely reported in newspapers and was adopted for routine use prematurely, according to some doctors, as women demanded the test from their obstetricians. Subsequently, a link was established between CVS before 10 weeks and limb defects in babies. Now CVS is performed after 10 weeks.

Obstetrics in general has a reputation for adopting, wholesale, new techniques without good evidence for their bene-

fits. Mass foetal screening – the use of probes attached to the foetal scalp during labour to monitor its status regardless of a problematic delivery or not – is widely believed to have caused more difficulties than it solved. Meanwhile, cheap and proven treatments, such as steroid drugs to help mature the lungs of babies likely to be born early, went unheeded.

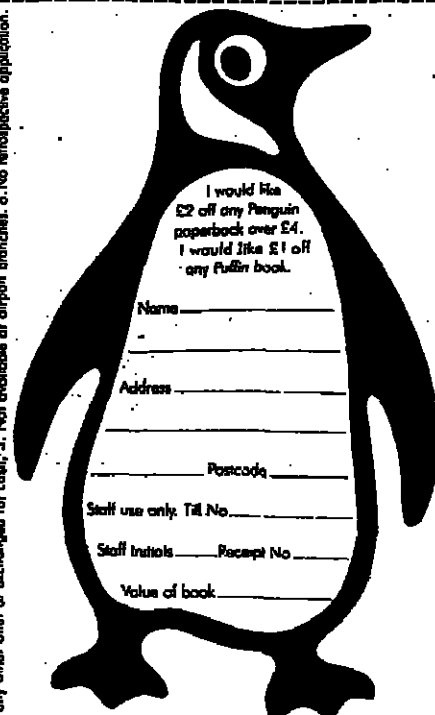
Stephen Dorrell yesterday called time on inefficient, obsolete treatments and those that are expensive and have limited application. They are likely to be replaced with innovations such as gene therapy, designer drugs, robotics in surgery, and more accurate diagnostic tests.

LIZ HUNT
Health Editor

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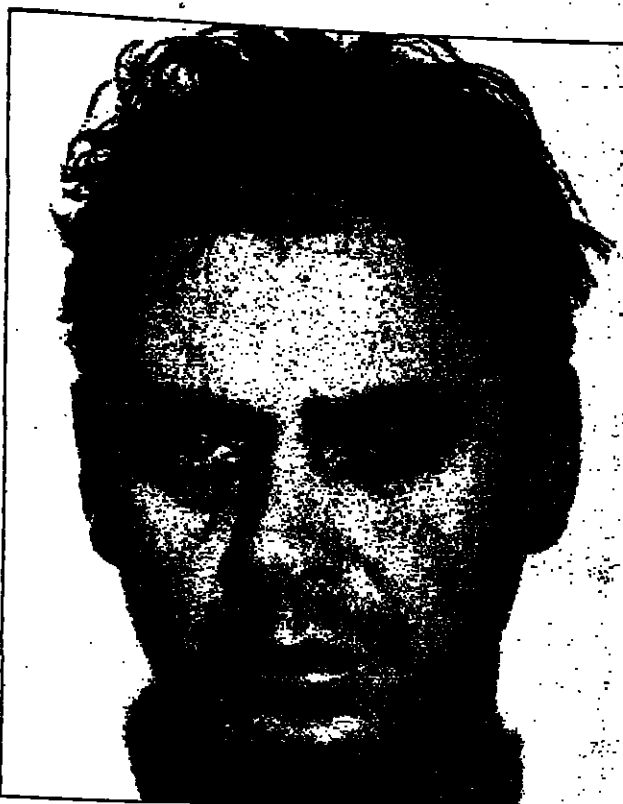
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Fugitive Briton 'butchered body of tourist'



Accused: John Scripps is linked with several killings

A British fugitive and alleged international serial killer went on trial in Singapore yesterday charged with killing a tourist and chopping up his body.

The prosecution said it would prove that John Scripps, 35, who denies the murder of Gerard Lowe, a South African, had undertaken a prison course in butchery in Britain and had "quickly mastered" the skills. If convicted, Scripps faces a mandatory death sentence.

Scripps, who sat intrenched in a steel and glass cage at the High Court, is also wanted in Thailand, where he has been charged with the murder of two Canadian tourists - Sheila Damude, 49, a teacher from Victoria, British Columbia, and her son, Darin, aged 23.

Their dismembered remains were discovered on the island of Pinoket in March. Their passports and other items were in Scripps's possession when he was arrested in Singapore.

Scripps is alleged to have befriended Mr Lowe, a brewery engineer from Johannesburg who arrived on a shopping trip on 8 March at Singapore's air-

port and then checked into a central hotel with him to share a room. Jennifer Marie, for the prosecution, told Judge T S Satharajah that Scripps killed Mr Lowe in the hotel between 8 March and early on 9 March.

After the alleged murder, Scripps flew to Thailand but then returned to Singapore and was arrested on 19 March.

The murder came to light when a torso, thighs severed at the hips and legs chopped at the knees were found in plastic bags in Singapore harbour on 13 March and 16 March. The head was not found.

Ms Marie told the court that Scripps had used his butchery skills to chop up Mr Lowe's body, possibly using a small knife with a serrated blade.

She said she would call as a witness James Quigley, a British prison caterer who would testify that in 1993 he taught Scripps "butchery skills which the accused had mastered quickly".

Apparently to pre-empt a defence that Scripps killed Mr Lowe to prevent homosexual advances, the prosecution put

Mr Lowe's widow, Vanessa Lynn, on the witness stand. She testified that Mr Lowe, 32, disliked gays. "We had a healthy sexual life. He was definitely not a homosexual," said Mrs Lowe.

Another witness, Chao Tzee Cheng, a senior Singapore pathologist, told the court that the person who dismembered Mr Lowe was either a doctor, a veterinary surgeon or a butcher. He added: "I told police, 'Look, you are dealing with a serial killer'."

He said it was possible for such a person to cleave the body at bone joints using the two stainless steel knives with 10cm (4ins) serrated blades that were found in Scripps's bags.

The accused is also being investigated in connection with murders in Mexico and San Francisco. One inquiry links him to the disappearance of Timothy McDowall, 28, and another Briton in Mexico.

Scripps, who lived in London, was serving a 13-year sentence for heroin trafficking when he absconded during weekend leave in October 1994.

The trial continues today.



Scripps's mother, Jean (centre) and sister trying to avoid a cameraman outside the court

Scottish crimes fall for a third year

Reported crime in Scotland fell by 7 per cent in the first six months of this year, according to figures released yesterday.

The figures eclipse last week's statistics for England and Wales, which showed a 5 per cent drop in offences.

Lord James Douglas-Hamilton, Minister of State at the Scottish Office, said the Government continued to be encouraged that recorded crimes in Scotland had fallen for a third successive year, only 0.5 per cent in 1992, but 8 per cent in 1993 and a further 3 per cent in 1994.

"Tackling crime remains very firmly at the top of the Government's agenda," he said.

The minister welcomed the new figures but said further reductions remained a priority. "Our message remains clear - no crime is acceptable."

The figures for the first six months show a total of 248,915 crimes recorded by the police compared with 268,720 last year - down 7 per cent on the same period last year. For the whole of 1994, 527,064 crimes were recorded, compared with 543,013 the previous year.

DAILY POEM

In passing

By Sarah Hopkins

*it looked as if a mechanic
had hung himself, but it was just
his boilersuit fat with wind
bellowing on the line*

*he was probably quite a thin man
being sensible somewhere else,
careful not to blow himself up,
keeping the door shut, unperturbed*

*but what of his wife at the window
who'd pegged him in this boisterous wind,
was it for her like having him there
huffed, spun and speechless?*

Sarah Hopkins was Poetry Editor of *Spare Rib* from 1982-85. Her poems have been widely published and she spent a year in *Wordcircus*, a performance group for women writers. *Good Grief*, her first collection was published in 1992. This poem is taken from *The Rainbow's Quivering Tongue*, an anthology of women's poetry which includes work by Judith Kazantzis and Linda France, published by Stride at £7.95.



MORTGAGE INTEREST RATES

Notes are hereby given that the following Mortgage Rates for new business are effective from start of business on Monday 18th September 1995.

VARIABLE RATE LOANS

	RATE %	APR %	APR %
Repayment	7.95	8.60	8.70
Endowment	7.95	8.30	8.40

The decrease in mortgage rates has been applied from 18th September 1995. For new business there will be a 1% discount on the variable rate for twelve months from the date of issue. Existing business will be notified of the new rate and repayments in due course.

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INVESTMENT INTEREST RATES

Notes are hereby given that the following Investment Rates are effective from start of business on Tuesday 19th September 1995.

INSTANT ACCESS ACCOUNT

	GROSS %	NET %
£1 +	0.50	0.38
£500 +	3.00	2.25
£10,000 +	3.75	2.81
£25,000 +	4.50	3.38

60 DAY NOTICE ACCOUNT

	GROSS %	NET %
£1,000 +	3.50	2.63
£5,000 +	3.75	2.81
£10,000 +	5.00	3.75
£25,000 +	5.25	3.94
£50,000 +	6.00	4.50

	GROSS MONTHLY INTEREST %	GROSS C.A.R. %	NET MONTHLY INTEREST %
£1,000 +	3.45	3.50	2.58
£5,000 +	3.69	3.75	2.77
£10,000 +	4.89	5.00	3.57
£25,000 +	5.13	5.25	3.85
£50,000 +	5.84	6.00	4.38

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	GROSS INTEREST %	GROSS C.A.R. %	NET INTEREST %
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8
internationalBalkan conflict: Thinly-stretched Bosnian government forces flee as Mladic's men seize back land they lost last month
**Serb push puts
Bihac at risk**EMMA DALY
Bihac

The Bosnian Serb army has seized back territory captured last month by the mainly Muslim Bosnian government Fifth Corps in a counter-attack that has brought Serb artillery perilously close to the town of Bihac. Near Sanski Most, Bosnian soldiers were forced to run for their lives amid a hail of anti-aircraft fire and air attacks.

The Serbs have also pushed to within six miles of Bosanska Krupa, where refugees have already returned to homes occupied by the Serbs for three years, and shelled the outskirts of the town on Sunday, prompting concern among international observers that Bihac, 18 miles to the south, is at risk. "If they move south, then they can start shelling Bihac again, which they will do at the first opportunity," one said.

Although the UN yesterday reported that Krupa had been placed on red alert, the observers said it was calm yesterday morning, with no signs of panic among the returning civilian population. However, helicopters were seen moving in and out of Bihac, probably ferrying wounded from the front lines.

Fifth Corps soldiers, acting in concert with the Croatian Army

pushing from the south, seized thousands of square miles of territory around a main road linking Bihac to central Bosnia via the town of Jajce, and moved within artillery range of the Serbs' northern stronghold, Banja Luka. But in the past few days, Serb forces have begun to retaliate, capitalising on the exhaustion of the thinly stretched Bosnian soldiers.

On Sunday, a brigade moving west towards Sanski Most through a narrow finger of land sticking into Serb territory came under heavy fire from three sides, and was almost cut off as Galeb jets bombed their positions. One witness said the brigade was exhausted even before the planned Bosnian attack.

"Then the Serbs launched a counter-attack, so the troops who were to attack were tied up in that, and the soldiers just panicked," he said, adding that he and the others ran for their lives through a wave of explosive bullets. "The Serbs had 150 Muslim forced labourers digging trenches on the front line the government forces were supposed to attack, which did not improve their morale."

However, the observer did not assess the defeat as catastrophic, adding that although the Bosnian forces lost the finger of land, their lines seemed

to be holding firm at the base. "I don't think the Bosnian Serbs can capitalise as much as they should," said another military expert. "I don't think there is any real problem [for Fifth Corps] at the moment."

The Fifth Corps might now decide that their chances of taking Sanski Most before the winter are slim, and could concentrate instead on holding the line around Bosanska Krupa and pushing on the Serb-held town of Mrkonjic Grad.

This is the last remaining obstacle on the road south-east from Bihac to central Bosnia: capture of the road would bring huge benefits to the Bosnian government, which would have a firm link with Bihac and a much shorter supply route from Croatia to central Bosnia.

■ Luxembourg - In another effort to put the European stamp on a possible peace deal for the former Yugoslavia, France and Germany yesterday proposed an outline plan for rebuilding the devastated region, writes Sarah Helm. European foreign ministers, meeting in Luxembourg, discussed a programme of reconstruction, humanitarian aid, and election monitoring. The intention is to consider EU assistance to Bosnia, Croatia, Serbia, Albania and Macedonia on equal terms.



A Bosnian Serb, wounded in fighting with Muslim forces near Bosanska Krupa, west Bosnia, is carried to an ambulance

Photograph: Reuters

Sullen Belgrade maps out its lossesSTEVE CRAWSHAW
Belgrade

An indignant and fascinated little crowd gathers at the bottom of Terazije Street, in the heart of Belgrade. The source of interest: a new map, which was originally published with triumphal intentions. "Thank God

I'm a Serb," says the proud inscription. Now, the map is a bitter memorial to defeat.

It was intended to show the extent of Serb conquests in recent years. Yellow shows "territory under the control of Serb forces". Given what has happened in the past four years, much of the map is printed in yellow. There is just a forlorn little strip of green down the middle, for the "territories of Muslim-Croat Federation".

But then came the humiliation. Pink-striped amendments have been drawn on to the map, marking areas that Croats and Bosnian-government forces have seized Serbs recently. Suddenly there is little reason for Serbs to rejoice.

It seems odd that people gather to study the map so intently. Surely Serbs must know exactly what they have lost? In reality the official media have been reticent. The Bosnia deal reached in New York last week is proclaimed a triumph for the policies of President Slobodan Milosevic. The loss of territories where Serbs have lived for generations and the expulsion of 200,000 refugees are

ignored. Thus the maps on Terazije Street provide the first opportunity for many to examine the grim new reality in detail.

"All of this was pure Serb," says one man (with a gesture taking in areas where Bosnian Muslims were in the majority until "ethnic cleansers" killed them or drove them out of their homes). "And now look. We've lost everything. It's genocide, pure genocide."

That indignation is typical. Every Serb can give you a lecture about what Serbs suffered 50 or 300 years ago. People talk, too, about Serbian suffering of recent months. But the Serbian crimes of the past few years do not exist in most people's minds. One depressing reason why the outspoken Serbian opposition *Vreme* magazine can still be published is that it has such a small readership. Few Serbs want to read uncomfortable truths.

There are, of course, Serbs who do not seek to use the vile experiences of history as a justification for unleashing new nightmares. But such heartening free spirits are an endangered minority - as rare as

sympathisers of Andrei Sakharov in Brezhnev's Soviet Union or genuine haters of Nazism in Germany in 1945.

The Serbs' perception of themselves as eternal victims is another reason why last week's New York deal has been greeted with little enthusiasm on the streets of Belgrade. The official media emphasised the deal means *Mir* [peace] in our time, *Mir* on the horizon, *Mir* by Christmas, *Mir* because of the wise Serbian leader.

But many ordinary Serbs remain cautious. They believe, in any case, that the Western powers are the true warmongers. "The war will be over when the Americans want it to be over - not a moment earlier," was one typical comment as Richard Holbrooke, the US peace envoy, arrived in Belgrade last weekend.

The nationalist opposition blames Mr Milosevic for allowing the Serb-majority Krajina to fall easily into Croat hands. "That wasn't a military victory [by the Croats]. It was a gift [from the Serbian leadership]," runs a popular argument. But Serbs, more

exhausted than enraged, do not seem ready to pour out the streets to protest. A nationalist opposition demonstration - in other words, those who regard Mr Milosevic as a sell-out - persuaded 10,000 people on to the streets, but the protests stopped there.

In one respect at least, there is a new optimism. Many believe that the New York deal could lead to the lifting of sanctions, which is all that many people care about. If sanctions are lifted, then solidarity with brother Serbs in Croatia and Bosnia could soon be forgotten, and Mr Milosevic's popularity could soar once more.

For the moment, however, Serbia remains a country of sullen resentment. Savo, one of the men gathered around the map-seller on Terazije, argues that Serbs are deeply misunderstood, because of a mixture of foreign ignorance and malice. But he acknowledges, too, that the information flow in Serbia is not all that it might be. "What do we know? We have no information. We know nothing." Why not? Savo shrugs. "That's just how it is."



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**Portugal cheers
Socialist victory**ELIZABETH NASH
Lisbon

The Portuguese are not a demonstrative people. More moving, then, the cavalcades of young people who careered round Lisbon in the early hours of yesterday morning, celebrating a Socialist victory that surpassed expectations, was the sight of ordinary folk quietly lining the streets with a light in their eyes and a smile on their lips.

Opinion polls had caught the trend, but underestimated its force. The Socialists, in opposition for a decade, won 43.9 per cent of the vote, 109 seats in the 230-seat parliament. It is their biggest victory for 20 years. They fall just short of an absolute majority, but enjoy a comfortable advantage in the face of a divided opposition. Always among the more moderate of Europe's democratic socialist parties, the Socialists have become even more pragmatic and Blairite recently.

The conservative Social Democratic Party saw its 1991 majority of 50.2 per cent slashed to 34 per cent. The Communist-led CDU alliance won 8.6 per cent, a decline from its previous vote, showing that the Socialists held the bulk of the left-wing vote. The right-wing Popular Party, with 9 per cent, tripled its number of MPs to 15, clearly benefiting from a drift from the Social Democrats. Eight seats remain to be counted and the

complete results will not be known for two weeks.

"The turn" was the headline of Lisbon's *A Capital* newspaper, summing up the transformation. But none doubt that the turn is an affirmation of Portugal's young democracy, not a threat to it. The outgoing Social Democratic Prime Minister, Anibal Cavaco Silva, conceded defeat with elegance, in acknowledgment of the national desire for change and the likelihood that this would occur in a stable democratic framework.

The future Socialist Prime Minister, Antonio Guterres, 46, promises he will govern alone. But in his victory speech he also promised to co-operate with the opposition on important issues and to work in the interests of all Portuguese.

Mr Guterres pledged to stick to the timetable for monetary union imposed by the European Union, an unusual commitment for a Socialist victory speech. The gesture was a restatement of a key strand of continuity in Portugal's policy towards Brussels. Business interests had already shown themselves unflustered by the prospect of a Socialist government.

Sunday's result suggests that the Portuguese, frustrated with the Social Democrats' buttoned-up and tarnished image, still seek continuity in an increasingly socially relaxed country that has under Mr Cavaco Silva's stern guidance come closer to Europe's mainstream.

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£250 - £499	2.875%	2.92%	2.15%
£100 - £249	2.625%	2.67%	1.96%
£50 - £99	2.375%	2.42%	1.77%

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Taiwan and China do the sabre dance

Worst tension since 1970s raises fears that Peking will seize 'renegade' island

STEPHEN VINES
Taipei

It is arguably one of the biggest games of bluff and counter-bluff in modern Chinese history. Eyeing each other warily across the Taiwan Strait, China and Taiwan are testing how far they can go without plunging into full-scale war.

China could hardly contain its fury when the President of Taiwan, Lee Teng-hui, made a private visit to the United States in June, a visit that was seen as undermining China's success in diplomatically isolating Taiwan, which Peking regards as a renegade province.

A month after the President's visit, China tested tactical ballistic missiles in the Taiwan Strait, showing it was able to attack the island. Another exercise followed in August. Now Taiwan also has announced its own exercise, planned for Thursday.

There has been nothing like this level of political and mili-

commitment to Chinese reunification.

"I really think it's possible China will invade," says Tsai Bih-wang, of the ruling Kuomintang (Nationalist) party. Andrew Yang, secretary of the Council of Advanced Policy Studies, a government advisory body, said: "We don't underestimate their ability to do it."

When the first Chinese military exercise was launched, the stock market dropped like a stone and visa queues formed outside Western quasi-diplomatic offices.

"It was a shock," said Antonio Chiang, publisher of *Journalist* political weekly. People wondered what else China might do, if it responded so aggressively to what was no more than a private visit to the US.

As Mr Yang points out, it was more than just a visit. "It very much emotionally affected the people. Here was the symbolic importance of our leader visiting a major Western country," he said. "It changed the emptiness and frustration of the Taiwanese people."

China saw even more sinister motives behind the visit, according to Chu Yun-han, the director of programmes at the influential Institute for National Policy Research.

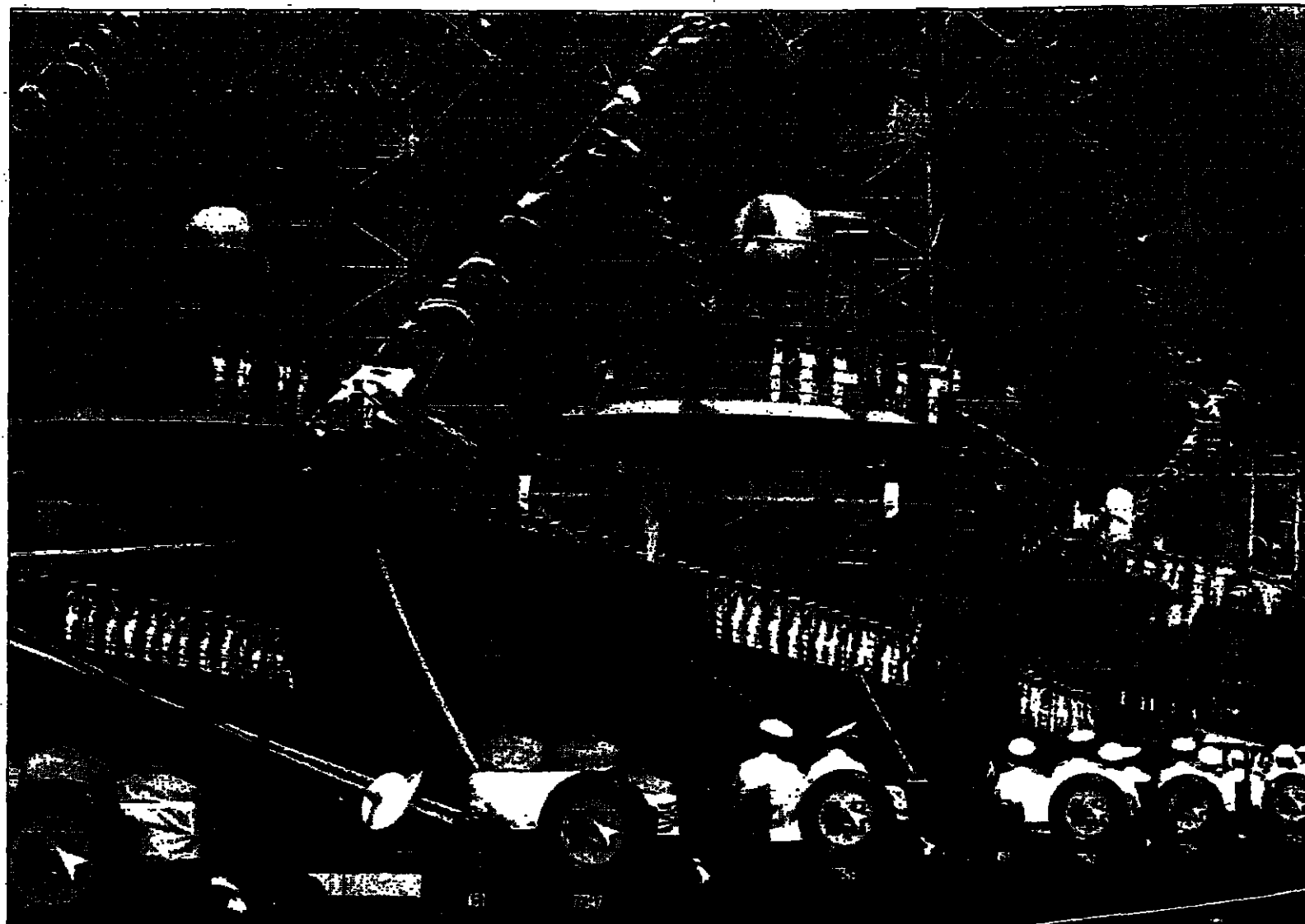
He believes that Peking looked at the visit as part of a plot between Japan and the US to undermine China by promoting Taiwan.

Taiwan refuses to back down. Last month it made yet another futile attempt to rejoin the United Nations. President Lee, meanwhile, is riding high on the support he is gaining as the Chinese media launches personal attacks on him.

"The question here," says a Western observer in Taipei, "is how Taiwan's military response is conducted. How can they be seen as non-provocative but demonstrate that they are capable of providing defence?"

And what would happen if the military escalation got out of hand? China has the world's biggest army, and it is increasingly equipped with modern armaments. Unlike Taiwan's forces, the Chinese army has a number of leaders who have been tested in battle. China has "sufficient military capability to bring Taiwan to its knees if it wishes to do so," says a foreign resident with close ties to the military establishment.

He believes Taiwan's army has reasonably high combat efficiency, "but it has not been tested for a long time". Although Taiwan's army has acquired some modern equip-



War games: Taiwanese ships being readied for military exercises due to start this week in response to Chinese manoeuvres

Photograph: AP



President Lee: Visit to the US has infuriated Peking

tary tension since the 1970s, when Chiang Kai-shek threatened that his Nationalist government, defeated in 1949, would storm back to the mainland and recover it militarily. China responded by bombarding Taiwan's smaller islands near the Chinese coast. Taiwan maintained a steady hail of return fire.

That confrontation eventually faded, and talks between the two governments gave rise to hopes of a peaceful solution. However, China feels President Lee is intent on the ultimate heresy of making Taiwan an independent state, abandoning the Nationalists' and Communists' longstanding

ment, such as F-16 fighter jets from the US, and Mirage 2000 jets from France, years of diplomatic isolation have taken their toll on its ability to acquire state-of-the-art equipment.

This is not to say Taiwan is incapable of resistance, but it may have difficulty coping with military action which falls well short of war. Wang Chen-shien, of the New Party, which believes President Lee is provoking China unnecessarily, says Peking could inflict heavy blows without full-scale war. He reckons that a missile attack on the southern city of Kaohsiung, the centre of the petrochemical industry, would create enormous destruction. He also believes China might bomb airfields, immobilising Taiwan's jets.

Mr Chiang thinks China could "terrify the Taiwanese people" without using missiles. Continued military tests, the seizure of fishing vessels and other less extreme measures would divide Taiwanese society. There is also a possibility that many of Taiwan's leaders would leave if the going got

tough. An unusually high number of prominent people hold foreign passports.

Taiwan keeps "pushing the limit, testing China's response to see where the trigger point is", Mr Yang said. If it accidentally goes too far, some people on the island believe the US will come to the rescue. Washington, however, remains adamantly silent on this matter.

Those who are close to US thinking on Taiwan believe, as one put it, that "the US will use force under certain conditions, but we don't want those conditions". Others firmly rule out the possibility of American intervention. They believe that the overwhelming importance of good US relations with China outweighs any other course.

At the height of the Cold War, Taiwan was a bastion against the advance of Communism, a situation reflected in the Mutual Security Pact between Taiwan and the US. But the Cold War is over and the defence agreement was abandoned long ago. Taiwan looks thoroughly exposed.

Peking pledge to Heseltine

MICHAEL SHERIDAN
Diplomatic Editor

China's Foreign Minister, Qian Qichen, yesterday pledged full co-operation with Britain to ensure "security, stability and prosperity" in Hong Kong through its transition to Chinese rule in 1997. He made the promise during talks in London with the Deputy Prime Minister, Michael Heseltine, at the start of an official visit intended to smooth relations between the two countries.

The continued existence of Hong Kong's limited democracy was noticeably absent from their assurances. Last week Mr Qian reiterated China's intention to discard the political structure erected by the last Hong Kong Governor, Chris Patten, as soon as it took over.

This difference apart, both British and Chinese officials seemed keen to stress the high level of Mr Qian's visit. Yesterday he also saw Ian Lang, President of the Board of Trade, and Robin Cook, Labour's foreign affairs spokesman. Today he is to hold talks with the Prime Minister and the Foreign Secretary.

The US, at odds with China over rights, missile sales and Taiwan, yesterday denied President Jiang Zemin a state visit. A White House spokesman said he would meet President Bill Clinton at the UN in New York this month. Mr Clinton is known to dislike formal state visits but the Chinese would have preferred a ceremonial welcome in Washington to a meeting on the fringes of the General Assembly.

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A bullish feeling amid the ruins

BEIRUT DAYS

There are just nine computer screens, a trading table so small you could not play poker on it, and six steel chairs. Only four companies are listed and the premises are modestly housed in what used to be the local branch of the Iraqi Rafidain Bank. But they call it the Beirut Bourse and we are being encouraged, in the kind of peace-speak that rules here, to regard this tiny room as "the engine of Lebanon's reconstruction."

The French ambassador and two officials from the Paris Bourse - fresh from creating similar institutions in Lithuania, Latvia, Ukraine, Poland and the Czech Republic - said as much before the television cameras.

So did the Lebanese Finance Minister, Fouad Siniora. "Lebanon is determined to regain its position... as a financial and economic centre in the region," he told us.

There is, of course, the little matter of the new Bourse's internal regulations, which have yet to be approved by the State Consultative Council. Neither the Lebanese Central Bank, nor the brokers' federation, it seems, was consulted. And in private, bankers express their concern about the Bourse. Will sufficient names be listed in a country where many companies are owned by families which

have no interest in sharing dividends with the public? Will there be reputable intermediaries in the market? Will there be what one banker called "transparency in operations"? Or, more to the point, can corruption be kept out of the Beirut stock market?

Given the current economic gloom in Lebanon, any risk seems worthwhile. With the American-Israeli peace bulldozer apparently making no way with Syria - and therefore none with Lebanon - Lebanese entrepreneurs are watching their investments with something approaching anxiety. Solidere, the \$1.8bn (£1.1bn) company charged with rebuilding Beirut - and which is not yet listed in the new stock exchange - has still to construct a single building downtown. True, sewage pipes, cables and underground car parks are being positioned through the rubble, and the pre-construction archaeological digs have produced enough Hellenistic statues and Roman mosaic floors to fill a couple of museums.

But Lebanese are asking why, if Rotterdam could be almost rebuilt five years after its 1940

destruction by the Luftwaffe, Beirut cannot be up and running five years after its civil war ended. Is modern construction that much more complex? Or is Lebanon doing more planning than building? Elissa, a public company set up to rebuild the southern suburbs of the city, has published its proposals for a new coastal strip near the airport which will destroy thousands of shums. Linord, like Solidere, a privately-owned shareholding real-estate company, has just received government approval for a \$250m development of the coast north of Beirut.

The assumption behind all these plans, however, is that the Middle East peace process will embrace both Syria and Lebanon in the great new Arab-Israeli common market of wealth and development which the world - for which, read the State Department, Israel and CNN - apparently foresees. The trouble is that from Lebanon, this "peace" looks about as fragile and dangerous as the sepulchral runs which still totter over Beirut's old front line. Syria, which wants the return of all of the Golan Heights, is in no rush to sign up for the

kind of "conditional" agreements which Yasser Arafat has accepted in "Palestine". And Israel - through the anonymous "military sources" that journalists like to quote in Jerusalem - is talking about the possibility of future conflict with Syria. Which means a battle in Lebanon.

Of course, Lebanon deserves to recover. And when the top crime story in last Saturday's *L'Orient le Jour* was a report of a police swoop on a car containing two men having sex with the same girl - the police, the paper told us, arrested the *joyeuse trioka* - things can't be that bad. Besides, the traffic lights are working on the Corniche. Drive down the seaford, turn left for Mazraa and there they are, the first working lights I've seen in Beirut for 19 years. Like vehicle seat-belts - which they routinely cut out of their cars with scissors - the Lebanese regard all safety procedures as obstacles of inconvenience. And at Mazraa, a traffic policeman routinely hushes motorists through the red lights if they are foolish enough to clog the roads by obeying them. Like the Beirut Bourse, first you create facts - only then do you worry about the rules.

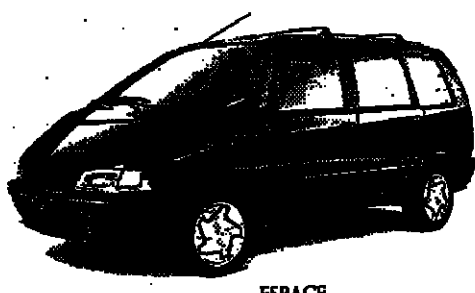
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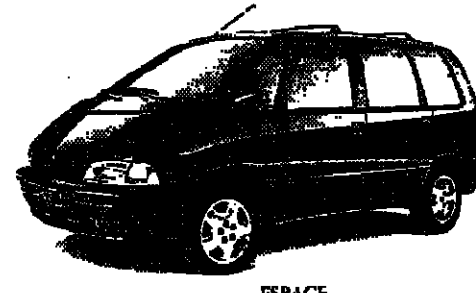
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Nuclear testing: France ignores international outcry over a blast that was five to six times more powerful than at Mururoa

Paris dusts off N-test fall-out

STEPHEN JESSEL
Paris
CHRISTOPHER BELLAMY
Defence Correspondent

France brushed aside renewed criticism of its nuclear testing programme after it exploded a device in the South Pacific that was at least five times more powerful than its first test a month ago. The Prime Minister, Alain Juppé, said the series of up to eight explosions would go ahead as planned, ending no later than May.

The blast drew criticism from Russia, Japan, the US, the European Union and South Pacific countries, though not from Britain. The French opposition Socialists said the series should be halted.

The test was at Fangataufa atoll, 25 miles from Mururoa (where the first explosion took place on 5 September), shortly after 12.30am British time on Monday. Fangataufa is used for testing particularly powerful bombs. The device was five to six times more powerful than that exploded at Mururoa, equivalent to 110,000 tons of TNT, compared with 20,000 tons in the earlier test.

The explosion should have created a cavern 100 yards across, against 60 yards for the Mururoa test. The rock above would then have collapsed into the cavern, causing slight subsidence on the surface. Fangataufa is smaller than Mururoa, but has been used for only nine tests, compared to 127 on the larger island.

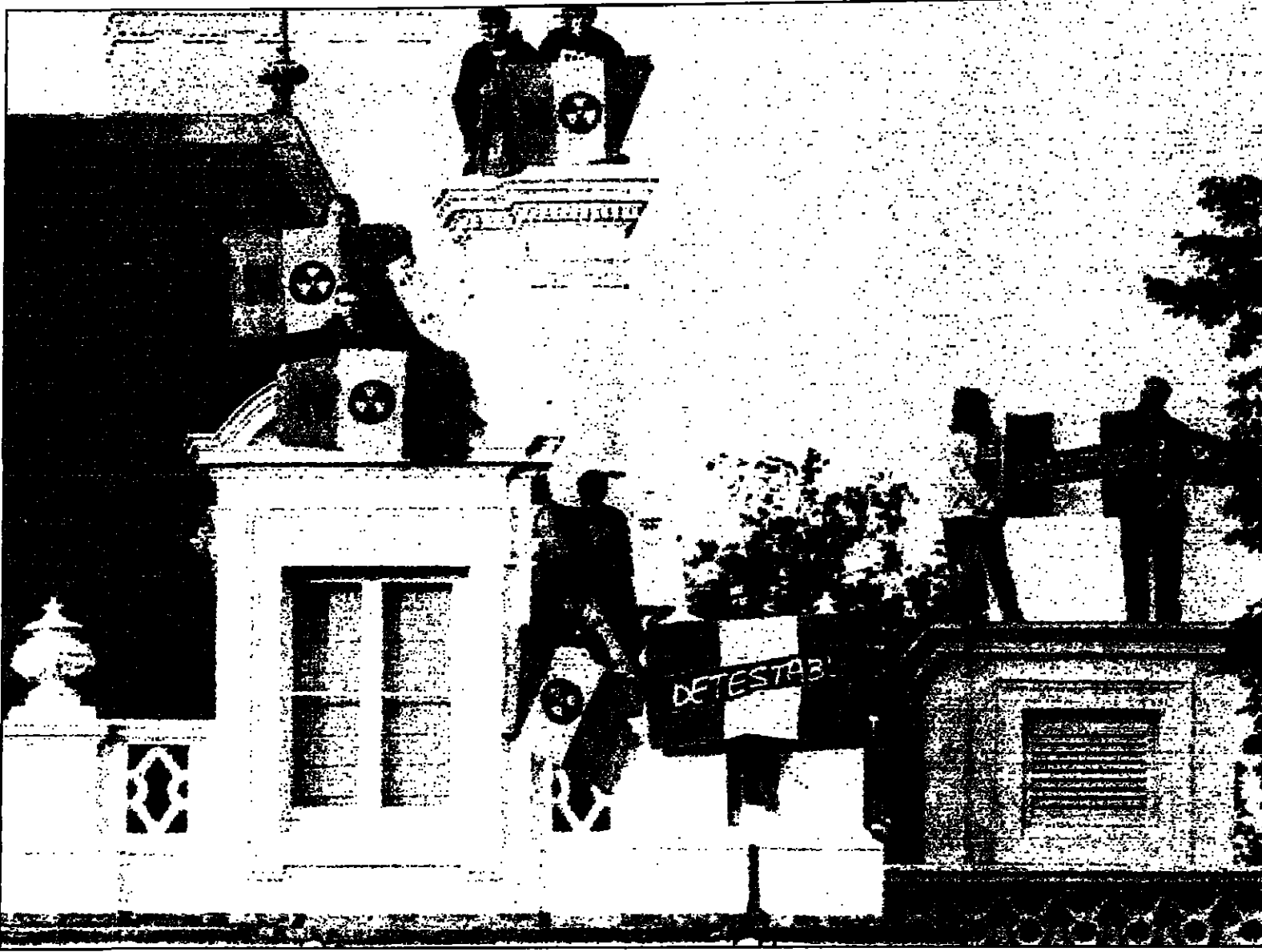
Patricia Lewis, of the Verification Technology Information Centre, which monitors nuclear tests, said an explosion of the size of Monday's might have started to break Mururoa apart. Unlike the first test, which was designed to help scientists prepare a simulation programme that would make experiments with real weapons unnecessary, the Fangataufa explosion was the test of a new warhead, the TN-75, which is to be carried by submarines of the *Triomphant* class. The *Triomphant* is undergoing sea trials

and should be commissioned next year. It will carry 16 missiles, each equipped with six TN-75 warheads. Test data is also expected to be used in designing a warhead for a new long-range cruise missile.

Paris will be neither surprised nor especially dismayed by condemnation of the latest test, calculating that any damage had already been done with the announcement earlier this year that testing would be resumed and the first explosion last month.

Opinion polls indicate a clear majority in France opposed to the tests, and the decision to resume them is held partly responsible for the slide in the popularity of President Jacques Chirac, but the public does not seem to regard the issue as one of major importance.

The next test is expected in three to five weeks. Mr Chirac has hinted that the programme of eight tests might be curtailed and the total reduced to seven or six. Dr Lewis expected the remainder to be relatively small, although she did not rule out the possibility of testing a full-size cruise-missile warhead—a number of holes have already been drilled at Mururoa.



Hitting the roof: Greenpeace activists invading the French ambassador's residence in Kensington, London

Photograph: PA

Britain refuses to blame Chirac

MICHAEL SHERIDAN
Diplomatic Editor

The British government yesterday refused to condemn the latest French nuclear test, drawing criticism from Labour and the Liberal Democrats and expressions of concern from Australia and New Zealand.

The Government's stance towards the French nuclear programme, born of its desire to stay close to President Jacques Chirac, seems destined to become an embarrassing issue at the Commonwealth Summit in Auckland next month.

The size of the latest explosion and the aggressive French action towards Greenpeace protest vessels set off a renewed wave of anger among Pacific nations from Japan to Australasia. The United States "regretted" the explosion.

The Foreign Secretary, Malcolm Rifkind, said yesterday: "It is for the French to justify these nuclear tests." Mr Rifkind said the important fact was that France remained committed to a comprehensive test ban treaty when its last test was complete.

This carefully contrived position aims to shift the burden of argument onto the French, while avoiding any offence to France.

It did not please the Australian Foreign Minister Bob McMullan. "We are disappointed at the British government's reaction," he said.

"It's a pity but they are not very significant players in the region any more."

The Prime Minister of New Zealand, Jim Bolger, said he had hoped Britain would join other Commonwealth countries in condemning nuclear testing.

In response, the Foreign Office said it would not be "dragged" into taking a position in one camp or the other.

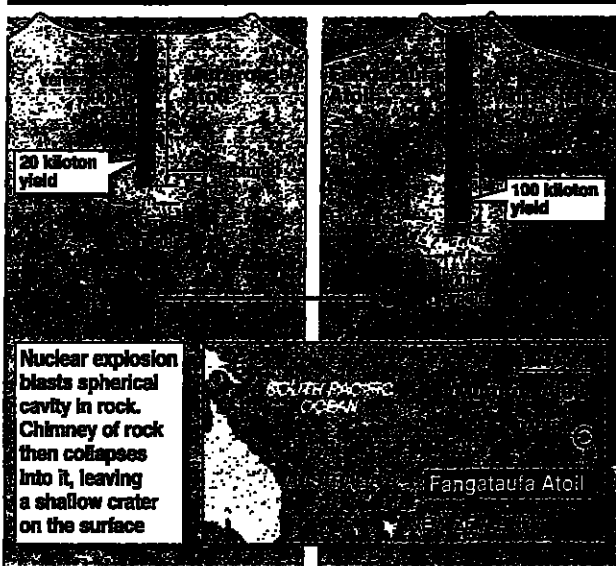
But the Labour MP Alf Norris, chairman of the cross-party Anzac group, said Britain was staying silent while old friends were wronged. He said John Major was responsible for a "deafening silence" on the issue.

The Liberal Democrat defence spokesman, Menzies Campbell, also criticised Mr Rifkind's policy. "The British government's continual silence is... creating a serious rift in our relations with members of the Commonwealth like Australia and New Zealand," he said.

British officials again denied any data from the French tests would be shared with Britain.

The technical differences between the two countries' arsenals make it unlikely that French test results would serve much purpose.

Below the surface of the second French test



Waves of anger across the Pacific

ROBERT MILLIKEN
Sydney

France caused fresh outrage in the South Pacific yesterday after it carried out its second underground nuclear test. It dashed any remaining hopes that the protests which swept the world after the test last month would change the mind of the government in Paris.

The test happened within hours of French commandos seizing and taking into custody the *Manutea*, a Greenpeace yacht. It was the last of four vessels Greenpeace has lost to French raids around Mururoa atoll, where the first in the series of tests took place, and Fangataufa since early last month.

Unlike two of the earlier seizures, *Rainbow Warrior II* and *Vega*, the *Manutea* was outside the 12-mile (20km) military exclusion zone when the commandos boarded it. French military authorities said the arrest was justified because an inflatable craft had been launched into the prohibited zone from the *Manutea*. Lynette Thorsen, the Greenpeace campaign director in Tahiti, denied this, and claimed the craft came from another vessel among the international peace flotilla.

Oscar Temaru, leader of Tavini Huiraatira, the Polynesian Liberation Front, the main independence party in French Polynesia, said he had hoped the international outrage and

the riots in Tahiti which followed the 5 September test might have persuaded President Jacques Chirac to abandon the rest of what is scheduled to be seven or eight tests up to May.

"My feeling today is more one of pain than anger," he said. "We had confidence in the human being of Jacques Chirac, but for the second time he has allowed his animal instinct to take over. Mururoa and Fangataufa are part of Polynesian heritage. A Polynesian has three symbols in life: land, sea and air. The French have destroyed all three. It's like losing a family member again."

The French military surprised everyone by taking the unusual step of conducting the latest test on a Sunday, strictly observed as a day of worship among Polynesians, more than 80 per cent of whom are Christians. Tahiti was deserted, with most Polynesians attending church or at home. It may have been a tactical move to preempt a repetition of last month's violence, when 3,000 young Polynesians burned and looted the airport and shops in Papeete, the capital.

More than 1,000 gendarmes and riot police patrolled Papeete last night. They were

backed by almost five times the number of police who struggled to control the September riots. Tension was high in Papeete, but anti-nuclear and pro-independence leaders called for restraint.

Australia and New Zealand called in the French ambassadors yesterday to protest. Jim Bolger, New Zealand's Prime Minister, kept the ambassador waiting 15 minutes for a meeting lasting 10 minutes.

Mr Bolger said later: "It's just so much waste because there's no French person alive, from the French President down, who could suggest in any rational way which time and in what circumstances they would use a nuclear weapon and against whom."

Paul Keating, Prime Minister of Australia, said it would be "unceasing and unrelenting" in efforts to press France to abandon the tests.

After a meeting in Canberra with Bob McMullan, the acting Foreign Minister, Dominique Girard, the French ambassador, said he had refused to apologise for the tests. "We're doing what we're doing in a most reasonable way with the utmost precaution. So we have nothing to apologise about."

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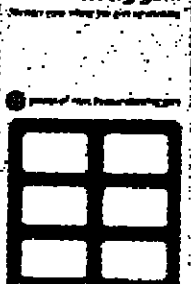


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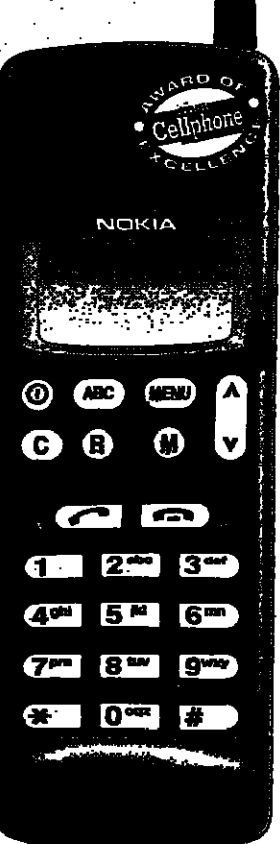
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Boom times on way for the Russian reformation

PAUL WALLACE
Economics Editor

Russia could be set for an economic boom if it sticks to the path of economic reform, the West's leading economic club said yesterday.

The Russian economy stabilised in the second half of 1994 and began to recover in early 1995, says the Organisation for Economic Co-operation and Development. In 1996, the growth rate could accelerate to up to 10 per cent.

In its first survey of the Russian economy, the OECD says it is imperative that Moscow persists with reform and does not allow inflation to get out of control. "If macroeconomic stabilisation is successful during 1995 and the momentum of liberalisation is maintained, the Russian economy could enter a period of rapid growth." However, if those conditions are not met, "the upturn could falter" and output "could even fall again in 1996".

The OECD warns that inflation, which was still over 8 per cent in April, is declining more slowly than the government predicted: "the targeted reduction and stabilisation of inflation will be hard to achieve".

Macroeconomic stabilisation was "indispensable" but painful. The rise in real interest rates would lead to initial losses in competitiveness and could cause a big rise in open unemployment. Stabilisation would be enhanced by a move away from crisis fiscal and monetary management to a medium-term programme.

The OECD contests the view that the dramatic collapse in GDP and industrial output since 1990 can be attributed to the government's attempts to implement a regime of shock therapy. It argues that the reported fall in GDP of 50 per cent since 1990 had in any case been "strongly exaggerated". Output was over-reported under Communism, but enterprises were now more interested in understating production to reduce taxes. Electricity consumption had only fallen by 20 per cent from its 1989 level.

More important, the serious decline was mainly because of the "sheer magnitude" of the structural changes involved in moving from the military-industrial complex promoted under Communism to an economy that conforms more closely to the pattern of production in Western economies. The cosseted industrial sector had taken a beating from the drastic reduction in defence expenditure.

The decline in the share of industrial output in GDP and the increasing share of resource-based goods in exports represent "inevitable and generally beneficial changes in structure rather than the destruction of wealth-creating capacity". It is much better to export raw materials and semi-processed goods at world prices than to absorb huge amounts of energy and other resources in "inefficient domestic production of manufactures with exports at subsidised prices to selected countries".

The report sees encouraging signs that the painful transition away from Communism is well under way. One is the rapid growth of the service sector which has grown from 33 per cent of GDP in 1990 to 50 per cent in 1994, when for the first time production of services exceeded production of goods. Initially retail services were the most dynamic part of the service sector but more recently financial services had grown rapidly, increasing by one-third in 1994 over 1993 according to official statistics.

A further sign of welcome structural change is the redirection of trade towards OECD countries. In 1994, exports to developed market economies were up by 22 per cent compared with 1993.

Capitalism looms, page 19



Unsettling act: Jewish settlers from the West Bank swimming across the River Jordan into Jordan, as part of a protest against the Israeli-PLO agreement on Palestinian autonomy
Photograph: Jim Hollander/Reuters

Far-right vote startles Latvia

ADRIAN BRIDGE
Central Europe Correspondent

A German-born right-wing extremist who cannot speak Latvian won the second highest number of votes in the Baltic state's general election, causing political turmoil yesterday.

The startling success of Joachim Siegerist's People's Movement for Latvia caught all the country's mainstream parties unawares and appeared to have scotched chances for the formation of a stable governing coalition. Although he is unlikely to join any future coalition, Mr Siegerist's staunchly pro-Latvian views are certain to fan tensions with the country's ethnic Russian community of nearly 1 million people. His strong showing could also lead to a renewed bid from the far right to secure a tightening of Latvia's citizenship laws.

With nearly all the votes counted, the People's Movement for Latvia looked set to capture 15.06 per cent of the vote, only fractionally behind the centre-left Saimnieks party on 15.33 per cent. Third and fourth places went to the centrist Latvia's Way, which headed the outgoing government, and the far-right Freedom and Fatherland party.

A delighted Mr Siegerist, who is known to be linked with extreme right-wing organisations in Germany where he has been charged with inciting racial hatred, declared that he had fully expected the result, despite pre-election opinion polls indicating he would win around 5 per cent.

His many critics, however, were dismayed. "The general reaction is one of utter shock," said Ilza Arkina, editor of the Riga-based *Baltic Observer* newspaper. "But many people are also ashamed that so many of their countrymen voted for Siegerist."

Although he was born and raised in Germany, Mr Siegerist claims Latvian citizenship through his father, who, he says, was a Latvian national who fought in the German Wehrmacht in the Second World War. Despite his inability to speak the language, he became involved in Latvian politics shortly after the country declared its independence from the Soviet Union in 1991.

In the 1993 election he ran on a right-wing ticket and won a place in the country's parliament after buying thousands of people out to vote for him in a rural constituency and doling out lemonade and bananas. He was later suspended from the parliament for poor attendance.

Apart from a virulent anti-Communism and a staunch Latvian nationalism, Mr Siegerist's real political goals remain unclear. But he has a populist touch: during the campaign he promised to help the country's poor, without ever spelling out how he would do it. In true right-wing style he also promised tough new measures on law and order.

Until this weekend's election, Mr Siegerist has always been a pariah as far as Latvia's mainstream political parties are concerned. His success in the polls, however, now makes the chances of a majority left or right-leaning coalition very unlikely.

"The picture is extremely confusing," said Ms Arkina. "Some people are even suggesting that the best thing would be to simply hold another election."

IN BRIEF

Kenyan dissident escapes the gallows



Nakuru - Kenya's leading dissident, Koigi wa Wamwere, pictured in court in 1993 when originally charged, was jailed for four years but was spared the gallows after a capital charge that he mounted an armed raid on a police station was dropped.

Chief Magistrate William Tuiyot's sentencing perplexed many lawyers but relieved Mr Koigi's supporters who had feared he would be given the mandatory death penalty. "The prosecution has proved beyond reasonable doubt that the three accused committed the crime," said Mr Tuiyot. "I find the first, second and fourth accused guilty of simple robbery." But the three were not charged with "simple robbery" and defence lawyers immediately applied for written copies of the judgment, saying they intended to appeal against the verdict. Mr Wamwere is a founder member of the Safina (Noah's Ark) Party, formed last May, though he has been in prison for the past two years. *Reuters*

Turkish earthquake kills 55

Ankara - At least 55 people died in an earthquake in the south-western Turkish town of Dinar. A government minister earlier predicted a final death toll of about 100. An earthquake killed 330 people in Dinar in 1925. Turkey's biggest quake in recent years, in the eastern town of Erzincan in 1992, killed more than 500 people. *Reuters*

France told to steer clear of Comoros

Moroni - The coup leader in the Comoro Islands told France, the former colonial ruler, not to intervene, saying he had already honoured a promise to hand power to civilians. A French show of force off the Indian Ocean islands put local troops on edge four days after the coup, which was spearheaded by 20 white mercenaries led by French soldier of fortune, Bob Denard. *Reuters*

Self-destructing mines not so 'smart'

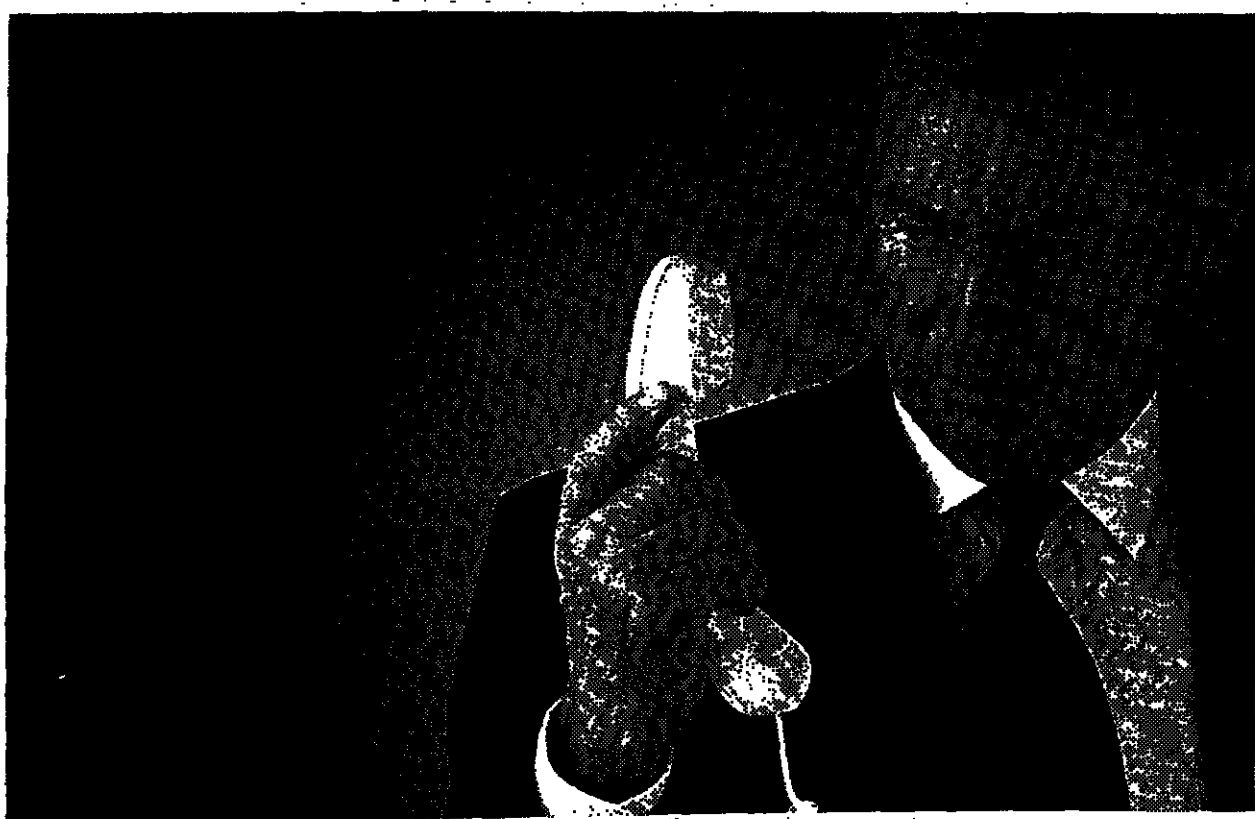
Vienna - Landmines designed to self-destruct after a short time do not always do so, and will not halt the death and destruction inflicted on civilian populations, Oxfam said. Some nations, including the United States, attending a Vienna conference to review a convention on inhumane weapons, have said self-destructing "smart mines" would not remain a danger to civilians long after a conflict was over. *Reuters*

Somalis wage banana war

Mogadishu - Two powerful Somali faction leaders yesterday banned banana-exporting ships from docking in the capital's seaport, in a move aimed at depriving their arch-rival, Mohamed Farah Aided, of finances. A statement signed by Ali Mahdi, who controls north Mogadishu, and Osman Hassan Ali "Ato", General Aided's former financier, warned of grave consequences for ships ignoring the order. *Reuters*

Libya expels more Palestinians

Salloum, Egypt - Libya expanded refugee camps in the no-man's land along the border with Egypt as it expelled another 80 Palestinians, and hundreds more were expected. The latest arrivals brought to more than 300 the number of Palestinians who are trapped in the zone. *AFP*



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And for his next trick ...

Since the trauma of the 1992 election, the Labour Party has sweated hard to rid itself of its high tax image. But if the party won't raise taxes, how will it fund any programme to improve the lot of the unemployed, the schoolchildren and the patients? In the past, Labour has said that the key was to bring down unemployment and release some of the billions of pounds currently paid to them in benefits. How the magic reduction in unemployment was to take place remained unclear, especially if there was to be no extra spending in the short term to get people into jobs.

Gordon Brown's policy proposals, outlined over the past few days, attempt to fill this gap. As of yesterday, Labour now has a list of programmes to help the under 25s and the long-term unemployed to find work. Sure, it will cost a lot; at least a billion in the first year. But now the Shadow Chancellor, when asked how he'll pay for it, can brandish his windfall tax on the utilities. "Look," he cries, "in my left hand I have a programme, and in my right hand, hey presto! I have the money!"

It is a neat bit of political footwork. But is it right? Hypothecating the windfall tax to pay for unemployment is a device to explain how expensive policies and not increasing individual taxes are compatible. It is not necessarily the economic structure most appropriate to solving the problem of unemployment, or utility taxation. If, for instance, the windfall tax were to raise less money than expected, would the training programme be reduced

by that amount? Of course not. It would be better (if less spectacular) to keep the two commitments separate.

The second major theme of the Shadow Chancellor's address shares some of these rather showy characteristics. In calling for a cut in VAT on fuel to 5 per cent, Mr Brown is attempting to shift the taxpend debate in a different direction again. By avoiding any judgement about the overall level of tax, or about when tax cuts would be preferable to spending increases, he is focusing instead on the structure of taxation, and which kinds of tax cuts would be preferable to others. On the face of it this is a much easier argument for Labour to win. Cutting VAT on fuel is more progressive than most tax cuts because it benefits even those who are too poor to pay tax altogether. But leaving aside the environmental arguments about taxing fuel consumption, is a wholesale cut in VAT on fuel better than, say, reducing the level of VAT on a wider range of items?

Most important, the really difficult questions about the overall burden of taxation, or who would win any possible trade off between £500m on VAT cuts and increased education spending, all remain unanswered. For Gordon Brown there is little to be gained and much to be lost by giving any more detailed commitments on tax and spending so long before an election. But at the moment there is the slightly unhealthy whiff of low politics about Mr Brown's proposals: a politicking which next week the Tories will be only too happy to match.

The wall comes down in Ireland

Two unconnected events yesterday should give us hope for a political settlement in Ireland. First, David Trimble, the new Ulster Unionist leader, visited Dublin for talks. Second, Dr Desmond Connell, the Catholic Archbishop of Dublin, said he was sorry if he had misled the Irish public.

Seen together, these developments highlight an extraordinary phenomenon: the crumbling of a rigid social and political order that has held back the chances of reconciliation between the island's communities.

Until relatively recently the grip of the Catholic church was unchallenged south of the border: bishops did not apologise. Likewise, Protestant Unionism was unyielding in its northern citadel: its leaders did not sup in Dublin. So the southern and northern states polarised, one the bastion of Irish Catholic nationalism, the other a beleaguered guardian of British values, culture and the Protestant religion.

All this is changing. The fall from grace of the Irish bishops has been dramatic. As we report today in our second section, their authority has recently been severely undermined by scandals, including child abuse by several priests and revelations that some senior clergy have for years been breaking their vows of celibacy. Finally, yesterday, Dr Connell apologised for any confusion sown by his earlier denial that church funds were used to make settlements in sex abuse cases. Church money, albeit a loan, has in fact been used to pay an alleged victim.

Public exposure of these scandals marks the secularisation of southern Irish society. The Republic's young, well-educated population has lost faith in clerical author-

ity. After 75 years of self-government, Irish citizens have gained enough self-confidence to rethink what defines their sense of Irishness. One result is that nationalism is increasingly being shorn of its territorial ambitions in Ulster. In a similar vein, Irish identity is no longer inextricably linked to being Catholic. Mary Robinson, the country's secularist President, spends much of her time preaching a new type of Irishness that is neither religious in orientation nor territorially acquisitive. She speaks instead of a nation that includes an emigrant diaspora, unbounded by borders.

Of course, vestiges of the old Irish state remain: divorce and abortion remain illegal. But the direction of development, towards pluralism and diminished Catholic clerical power, is clear.

All of this makes it easier for Mr Trimble to come to Dublin to meet the Irish premier; the first Unionist leader to do so for nearly 30 years. And, appropriately, Mr Trimble arrived with an assertive rather than a traditional confrontational message. He urged John Bruton, the Taoiseach, to take Ireland back into the Commonwealth and to end the Irish Republic's constitutional claim to the North. Just a decade ago, such changes would have been as unthinkable as the Archbishop of Dublin admitting error. Today both options are under serious consideration. And if Britain and the Republic joined a single European currency, Mr Trimble's third demand – a merger of the Irish punt and the pound – could also be achieved.

Somehow, less than a month after Mr Trimble's controversial election, the omens for his leadership look considerably better than feared.

ANOTHER VIEW Stephen Shaw

No security for the jailer

Just as with electronic tagging and prison privatisation, the Government's reported enthusiasm for a British Alcatraz is another sign of the obsession with American law and order fads. Supermax prisons are all the rage in the US and it seems one or two are to be recommended in the forthcoming report on prison security from general Sir John Leatham.

Of course, there is a case for concentrating the greatest security risks in one or more fortress prisons. By focusing resources on those who genuinely pose a severe threat to the public, security levels elsewhere in the system could be reduced. But there is a significant down side. The costs – both to build and to run a Supermax – are likely to be exorbitant. Who would envy the staff asked to work there? And what message would be sent to the prisoners, confined to a jail they would see as the end of the line?

Only a fool would deny the seriousness of the escapes from Whitmoor and Parkhurst that have led to this Supermax proposal. In the space of four months, more top-security prisoners escaped than in the previous 30 years put together. The breakthroughs themselves, the use of guns, and the discovery of Semtex explosive were an appalling operational failure and a grave embarrassment for the Prison Service and the Government.

But it is worth remembering that the Whitmoor escape was from that jail's Special Security Unit (since renamed in

a classic case of old wine in new bottles as the High Security Unit – presumably on the grounds that it was not specially secure). It seems one reason for the complacency among Whitmoor staff and Prison Service officials was the belief that the unit was escape-proof.

Throughout history, prisoners have tried to escape from captivity. It is a natural human reaction to confinement. Similarly, in prisons down the ages, it has been the duty of prison administrators to make escape as difficult as possible.

But since the Whitmoor and Parkhurst escapes, the Prison Service has been engaged in security overkill. It has lost sight of that balance between the needs of security, control and justice which, in his report following the Strangeways prison riot, Lord Woolf said was critical to effective prison management.

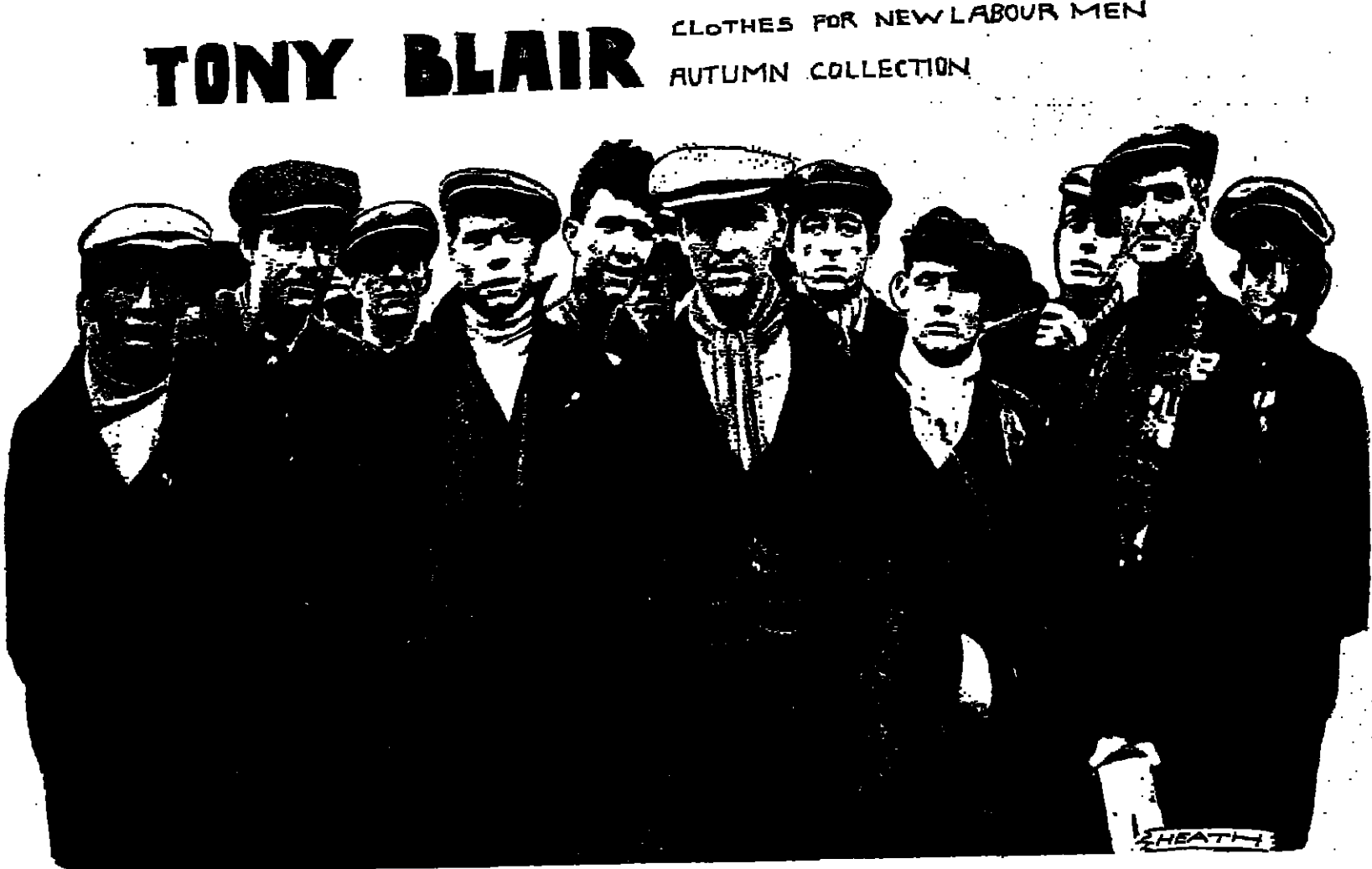
When it is published in a couple of weeks' time, the Leatham report is likely to contain little of comfort for either the Home Secretary or Prison Service HQ. There is a danger, therefore, that they will seize on his recommendation for a Supermax as a way of deflecting attention from his other criticisms and proposals. Indeed, it is ironic that the idea of a Supermax is being floated at a time when some of the prime candidates – members of the IRA – are busy being transferred to prisons across the Irish Sea.

The writer is director of the Prison Reform Trust.

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LETTERS TO THE EDITOR

Human rights, British politicians and the European Court

From Mr Donald Cape

Sir: From the 1950s, acceptance of the European Convention on Human Rights has been regarded as necessary to qualify for membership of the Council of Europe, whose statute Britain helped to draft. In recent years acceptance of the jurisdiction of the court and of the right of individual petition has been required of would-be new members, such as the former Communist countries of Eastern Europe.

To withdraw now would be to proclaim to the world that Britain, alone of all the countries of Europe (including Turkey), is unwilling to offer "all persons within its jurisdiction" an international guarantee of "their human rights and fundamental freedoms".

Is this what Bill Cash, MP (Another View, 29 September) really wants? Yours faithfully, DONALD CAPE, Guildford, Surrey 30 September

The writer was the UK Permanent Representative to the Council of Europe, 1978-83.

From Mr Nick Hancock

Sir: Bill Cash's alternative leader on the topic of the European Court of Human Rights perfectly illustrates the need for that court – and, indeed, for the Convention on Human Rights to be incorporated into our domestic law. When he complains about awards in favour of avowed terrorists and convicted drug traffickers, he fails to appreciate that, however odious they may seem to us, they too have rights. It was to protect these rights after the excesses of the Second World War that the convention was drawn up.

Mr Cash is afraid of judges making politically motivated decisions; he does not appreciate

that judges are guided, for the most part, by the law. Their constitutional function is to protect against politically motivated decisions – particularly those of politicians themselves. It is when political or public pressure is greatest that independent financial scrutiny is most needed. Maybe this was why the Government has recently had so many run-ins with the courts, both domestic and international.

Yours faithfully, NICK HANCOCK, Solicitor, Scarscroft, West Yorkshire 29 September

From Mr Simon Creighton

Sir: The High Court ruling that Michael Howard acted unlawfully in setting the parole review of five IRA prisoners will come as no surprise to prisoners or their lawyers. Earlier this year the European Commission on Human Rights had already decided that a similar complaint by another discretionary lifer over delays of more than a year in his first parole hearing was admissible for consideration.

This judgment must be seen in the context of the Government's refusal to accept the European Court ruling on the Gibraltar killings. The European Court forced the Government to adopt its present procedures for the release of discretionary lifers some years ago, and the half-hearted manner in which this has been done highlights the reluctance to comply with these judgments. It is particularly worrying that the present government seems to find the provision of basic human rights either undesirable or unaffordable.

Mr Howard has found his policies and decisions declared unlawful on an unprecedented number of occasions. The irony

of prisoners having to seek the protection of the courts from the unlawful actions of the Home Secretary is overshadowed by the serious abuses of basic rights that are revealed in such cases.

Yours faithfully, SIMON CREIGHTON, Prisoners' Advice Service, London, NW1 29 September

From Ms Sarah Hipperson

Sir: Colin Brown's article "Britain could quit convention" (29 September) confirms my understanding that some of Her Majesty's ministers only have respect for the law when it enables them to carry out their political policies; when the law gets in their way they simply ignore it, leaving the injured parties to seek relief through the courts.

Michael Howard seems to have the same tendency to go beyond his ministerial powers that Michael Heseltine has. Both have had to be brought into line by the courts on numerous occasions.

When Mr Heseltine was Secretary of State for Defence he made by-laws for Greenham Common in 1985, producing invalid law in excess of his law-making power. It took a long four-year journey through the courts before he was brought into line. Lord Lowry noted in the judgment that

It is up to the law-maker to keep within his powers and it is in the public interest that he should take care in order that the public may be able to rely on the written word as representing the law.

If Her Majesty's Government attempts to deny her citizens access to the European courts, there should be an outcry from all who value the right to call to account ministers like Messrs

Howard and Heseltine who go beyond the limits of their powers.

Yours sincerely, SARAH HIPPERSON, Women's Peace Camp, Greenham Common, Berkshire 2 October

From Mr Gerard Feehily

Sir: Tim Willcocks (letter, 30 September), in his assertion that IRA members had to "be prepared for the consequences" of fighting a war with Britain, is either being extremely naïve or wilful.

Never in the 25 years of the conflict did the British army or successive governments ever make clear to the broader public that they were fighting a "terrorist and unnecessary war". Rather, they claimed to be neutral arbiters in an age-old conflict between Northern Irish nationalists and loyalists. Any other claim would have undermined Britain's argument for keeping troops in the province; and, since 1994, would have undermined its status as guarantor of the peace process.

It is only in this context that the British government's hostility to the European ruling becomes clear. If the SAS did unlawfully kill three "unfortunate" members of the IRA, how does this square with Britain's supposed role?

To imply, as Mr Willcocks does, that the Gibraltar Three were casualties of war is to imply that the army and the IRA were equal belligerents. This also suggests that the IRA was not a terrorist organisation, but an army with legitimate goals. It would be most surprising if any member of the Government or the British army were to come out publicly and agree with him.

Yours, GERARD FEEHILY, Paris 30 September

EU's future: Labour's view

From Mr Giles Radice, MP

Sir: The National Executive Committee's report *The Future of the European Union*, which is to be debated at the Labour Party conference on Tuesday morning, is undoubtedly the most pro-European document ever to be published by the party. It proposes a European Recovery Fund to tackle unemployment, more qualified majority voting and greater powers for the European Parliament.

Its positive tone is in marked contrast to the disappointing Chatham House speech of the Foreign Secretary, Malcolm Rifkind. Mr Rifkind's new European doctrine that "it may be appropriate to accept a loss of influence if that is the only way to protect our interests" may please the Tory Euro-sceptics. But, if carried into operation, it would lead yet again to impotent isolation – a state which would be very much against our interests.

Economic and monetary union and a single European currency raise the issue of British interests in a highly controversial and far-reaching way, so much so that, as your leading article today points out ("Valencia's message to Brighton"), many people wish they would simply go away. It is, of course, quite possible that the project may not get off the ground. But the successful meeting of European finance ministers in Valencia is an indication that British politicians would be unwise to bank on it. It is still quite conceivable that, if not by 1999, then soon afterwards, Germany, France and some other countries will have introduced a single currency.

The Chancellor, Kenneth Clarke, is right to keep open the option of British participation and to prepare for it, just as the Labour Party is right, in opposition, to declare its support in principle, provided that our economy is in good enough shape by then. Sensible British Europeans understand that, if Euro does go ahead, this country would almost certainly benefit more from being inside rather than outside.

Yours, GILES RADICE, MP for Durham North (Lab) Brighton 2 October

Too brutal

From Sir Denis Lasdun

Sir: Your article ("Brutalist, original, but a slum", 2 October) about Keeling House is seriously misleading. The building is structurally sound. It requires restoration, when it will then provide some 60 homes with a life expectancy of at least 60 years. The building was much loved by its previous tenants.

Yours sincerely, DENIS LASDUN, London, SW1 2 October

Letters should be addressed to Letters to the Editor, The Independent, One Canada Square, Canary Wharf, London E14 5DL, and include a daytime telephone number. (Fax: 0171-293 2056; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity. We regret that we are unable to acknowledge unpublished letters.

Fallacies of the publishing market

From Professor Conrad Russell

Sir: Germaine Greer's onslaught on Oxford and Cambridge University Presses ("Away with price-fixing – and on with VAT!", 29 September) shows that she has fallen victim to the fallacy that everything can be done by the principles of the market.

University presses are, and must be, dedicated not to publishing profitable books, but to publishing good books. A book that transforms its field may achieve sales well short of four figures. Footnotes on the page, which irritate commercial publishers, are essential to the book's credibility and usefulness. Such books cannot be published unless they are given some protection from the rigours of the market. Gresham's Law applies to books as clearly as it does to money, and in both cases markets have to be controlled.

My friend was irritated that he had to pay Cambridge University Press £50 to print his

Principia Mathematica. However, he understood that on pure market terms it could not have been published at all. Ms Greer's principles would prevent the publication of this sort of book, while allowing a rapid growth of pulp scholarship. Is this what she wants?

Yours sincerely, CONRAD RUSSELL, King's College, London 29 September

From Mr Mike Petty

Sir: Whatever the rights and wrongs of the collapse of the Net Book Agreement, I am becoming increasingly irritated and depressed by the view that seems to be gaining currency in your pages that books are "ridiculously" cheap to manufacture, the implication being that publishers are somehow profiteering.

Germaine Greer is the latest offender ("Away with price-fixing – and on with VAT!", 29 Sep-

tember); Hamish McRae yesterday baldly stated ("Start writing a different chapter", 28 September) that the cost of a book was less than 10 per cent of its real price. Certainly that's true for the big bestsellers which in practice will be the only books to be discounted by the chains, but for the sort of first novels I tend to deal in the true cost is much more like 30 per cent.

Take away up to 50 per cent for the bookshop and 10 per cent for the author, and you don't even have enough for overheads.

I spend much of my working life, as do most publishers, trying to make the sums work. Today's Rushdies are only published at all because those who control the purse strings are prepared to take a reasonably long view, and because the bestsellers can, if you believe in that particular form of accountancy, subsidise them.

Yours faithfully, MIKE PETTY, London, WC2 29 September

The writer is a publisher of fiction.

Poetry outside the arts establishment

From Mr Nicholas Albery

Sir: Contrary to John Walsh's remarks (Daily, 28 September), there is nothing patronising about blowing the London Poetry Marathon's publicity budget on paying 50 people who are unemployed £10 (not £50, as stated by Mr Walsh) for reciting a poem on 8 October.

Rather than enriching a newspaper magazine through a couple of column inches of paid advertisement, this money will be going to those who are outside the arts establishment. To one as fanatical about poetry as I am, this scheme, for which I accept responsibility, seems to me to be radical, subversive and to be welcomed.

Mr Walsh also failed to mention that the main aim of the event is to allow people to raise money for the charity of their choice by getting sponsored by friends and relatives to recite a poem learnt by heart.

With best wishes, NICHOLAS ALBERY, Director, London Poetry Marathon, London, NW2

Thalidomide facts

From Mr Christopher Lingard

Sir: Roger Jones of Pam Pharmaceutics (*Magazine*, "The return of thalidomide", 23 September) may well have spotted a lucrative niche market for his company's product but, as a commentator on the thalidomide parents' settlement with Distillers in the early Seventies, he displays a dangerous lack of comprehension.

The fact that thalidomide caused the birth defects was never questioned by Distillers, who simply maintained that it was unreasonable to expect them to have discovered that fact. To suggest, as Mr Jones does, that the parents only settled because they had evidence that weakened their own case is scurrilous nonsense. The thalidomide parents were a disparate group who faced a multi-million-pound company with virtually unlimited resources to fight the case and who wielded that economic muscle in rather distasteful ways. The fact that the parents achieved a settlement at all reflects creditably on them.

Unfortunately, since the Seventies, the level of the settlement has proved inadequate. Perhaps as Mr Jones and the other pharmaceutical companies rake in their profits, they will reflect on the fact that the British victims are still waging for realistic compensation. Yours faithfully, CHRISTOPHER LINGARD, Legal Adviser, Thalidomide Action Group, Truro

comment

A clear song from the shadow chancellor

Gordon Brown's speech yesterday did much for Labour's economic credibility. Ken Clarke is doing the rest

For Gordon Brown, the past 18 months have been dark and cold, overshadowed by the double blow of John Smith's death and his own agonising decision not to stand as a leadership contender. That was followed by a period when he seemed to lose his ability to communicate a stirring message, either to the party or to the country. He became bleak.

He suffered the indignity of national lampoon after using the phrase "endogenous growth theory". The mocking laughter wasn't confined to enemies; in the Labour family, too, he had come to be seen as a frozen politician, gagged by his own caution. Finally came rumours that he was no longer close to Tony Blair, for whom he had sacrificed so much. As Brown relentlessly hammered out the sound-bite attacks on Tory tax rises, it seemed a harsh reward.

This is good material for drama, a story David Hare could use to pack the National Theatre. But there was always a lot more to Brown than tragic self-censorship. He was the man who knew that a single incautious sentence from him could blow apart Labour's hard-won respectability. He had been struggling to think his way through the central economic dilemma of all centre-left parties in our times, which is how to make a difference without frightening off tax-shy voters and the socialist-shy bond markets.

This is not easy. Plenty of clever people say it can't be done. Brown's first go, emphasising training and investment, and pointing out that there was less unemployment there would be higher tax revenues, became

a stuck record. It was true, but it skirted over the huge gap of getting from a failing economy to a succeeding one. It seemed to rest on the proposition that, if he won office, he wouldn't be starting from here.

Now the old Gordon Brown is back. Something good has happened to this bull-like political obsessive. His speech sang. It was funny, sharp and almost completely devoid of waffle. And it contained at least some glimpses of light.

His proposed utility windfall tax may be unorthodox and a one-off, but its combination of monopolist losers and unemployed gainers will prove popular and gives Treasury ministers working on their Budget plans a headache. It has been generally hailed in the business world as a bad idea. Well, as bad ideas go, it seems rather a good one.

The suggested cut in VAT on fuel is shrewdly still. It is politically cute because it gives Labour a credible response to the coming Tory challenge to vote for tax cuts or against them. From now on Brown can contrast unwholesome, divisive, greed-driven Tory tax cuts with virtuous, wholesome, fair-minded Labour ones. The argument between the parties is deftly switched from the hard question of being for or against tax cuts to the easier one of who should benefit.

Though the proposal depends upon the Conservatives declaring that there is room for cuts, and is relatively modest, amounting to £480m, it is serious politics because it gives clear evidence of how a future Labour government would approach the issue of direct taxes as against consumer taxes.

ANDREW MARR
Columnist of the Year

He was funny, sharp and almost completely devoid of waffle.

It reasserts Labour's traditional belief in progressive taxation, without proposing new income-tax rates. There have always been environmental and economic arguments for VAT on fuel, but at least Labour has finally made it clear where it stands. We now know where Labour tax cuts would come, if they came.

Neither the VAT proposal nor the windfall tax, however, are answers to the wider dilemma of taxation and leftish politics with which Brown has been struggling. They are bold caveats on the edges of the problem. They don't obliterate it.

No, Brown's escape from his years of political bondage are likelier to depend on the British politician who is currently doing more than any other, bar Tony Blair himself, to make the first years of a future Labour administration a resounding success. I refer, of course, to the Member for Rushcliffe, the Chancellor, Kenneth Clarke.

For if Labour wins the next election, it will inherit an economy which is in the short term growing stronger, not weaker. The rundown of industrial stocks, the likely downward pressure on interest rates and the impact on confidence of tax-cutting are among the reasons to look forward to good growth with rising but moderate inflation by 1997.

That would be a rare inheritance for Labour, placing Blair in a different position from his prime ministerial predecessors. The rule is that Labour governments are only allowed to take power when the economy is already in a bad way. It has been the party's historic duty to take the blame for previous splurging, while guilty men recuperate. Saddled with an unpromising situation, Labour has then tended to flounder about, making things worse.

Suppose, instead, a Blair government was able to enjoy the benefits of the low-inflationary growth which had been created by the Major government? For once, Labour would get the credit for other people's hard work. This would confirm Blair as a lucky politician. And it would make Gordon Brown a Labour chancellor who might be in a position to fulfil some, at least, of the spending commitments his party years for. After years as a talker, he would become a doer.

There are many assumptions built into this, the biggest of them being that Honest Ken won't succumb to political temptation and go for a Maudling-style loosening of policy over the next year. To do so would be dangerous, partly because of the damage it would cause to Major's reputation for straight dealing, and because of what

it would do to interest rates. Much more likely are tax cuts. But, as we have seen, Labour might well survive that.

It is not possible for Brown, or anyone else in the Labour leadership, to admit quite what is happening, though senior party people talk about it privately. They can hardly land a Conservative chancellor for making things easier for them should they win in the late Nineties – any more than they can admit they agree with him about monetary union and say they admire him for standing up to the Governor of the Bank of England on interest rates. But it's so.

And so irony piles on irony. The very same Tory tax rises that Gordon Brown has so savagely attacked are partly responsible for the reconstruction of the public finances which may yet help make his reputation. You have to laugh.

Even in a globalised economy ruled by free trade rules and bond markets, Labour chancellors won't behave in just the same way as Tory ones. Yesterday Gordon Brown showed himself different from any Conservative minister, in his instincts, his priorities, his dislikes.

But all are anti-inflationists and all are working under similar constraints. The difference in the behaviour of one chancellor and the next may depend as much on when in the cycle they inherit the job and therefore how much room they have for manoeuvre, as on the ideology they carry through the Treasury doors. By that test, Gordon Brown's luck is probably turning. It has been a long, cold wait.

One Germany, no momentum

Five years after unification, inertia is undermining the nation's future, says Thomas Kielinger

I took up that great treasure of a reference book, the *Random House Dictionary of the English Language*, second edition of 1987, and what do you find under the entry "Germany"? "A former country in central Europe..." Well, those were the days. Germany has since come back with a vengeance, from the sunken Atlantis of Continental Europe to, well, exactly what?

There lies the rub. Five years precisely into its newly acquired unity, Germany seems like a country still unable to define what is happening to it within and without. This is not really astonishing considering the traumatic event in 1989, the fall of the Berlin Wall, with its chaotic consequences.

Even today, the citizens appear to be in a daze. They do all the things you would expect a country to do in order to rise to a unique challenge of its history. And yet there is still this air of strangeness permeating Germany's national conduct.

The two Germanies remain wide apart, almost aloof from one another – the legacy of 40 years of division. Which makes it all the more astonishing how stoically the country has accepted the huge burden of capital resources going into reconstructing the devastated eastern part, all of one trillion German marks to date.

Call it resigned churlishness, the gritting of one's teeth in the face of the inevitable, but not much of national enthusiasm is left after the heister-skelter of this century. The joyous excitement of the unity year 1990 was very short-lived indeed. We have arrived, as it were, at the dead-end phase of rebuilding our sense of being, a far cry from the nationalistic frenzy of pre-1945 Germany.

Good riddance, I say. Give me the sullen Germany of today any time, as against some of her previous emanations. Anyway, for the road ahead one has to use different yardsticks. The real question about Germany lies not in her past but in her future. I sense at the heart of contemporary Germany a striking aversion to change, which has its roots perhaps in the very turbulence so characteristic of the 20th century and Germany's role in it. The tremendous effort made to rebuild the divided nation belies a deeply embedded historical fatigue.

It would be ideal if the spirit of sacrifice so evident in the business of reconstruction now carried over into a general sense of anticipation about the future. But that is not so. Slowly, ever so

slowly, is Germany awakening to the dangers inherent in its over-regulated and inflexible structures. It is a pity 1989/90 was not used more resolutely as a golden opportunity to try out new ways to turn the Germans' singular aptitude for meticulousness into a more imaginative and novel approach.

Instead, the entire west German system of saturation-level state entitlements, and its built-in abhorrence towards doing anything differently, was implanted in the east, lock stock and barrel. I cannot bear to think of the colossal input of capital resources going into reconstruction and then compare this amount with the real return in terms of innovation and competitiveness.

What a historical moment missed! Yes, we are rebuilding; the infrastructure, we are making people's pensions safe (or trying to), we are cushioning the effects of huge unemployment by supporting generous out-of-work (without finding new jobs for them, though), we are fast equalising wages (irrespective of productivity levels).

But all the king's capital and all the king's men cannot make Germany competitive again. At least not as long as some of the key players, such as the unions or the state benefit lobby, refuse to yield even a millimetre of their established bridgeheads. This, after all, is the country that cannot ever get itself to liberate commerce from the regime of stifling shop-opening hours.

To be sure, on the surface this still-prosperous society would hardly bear out so much scepticism. But too many German businesses are winding down parts of their operations shutting plants only to relocate them in more affordable markets and countries. A lot of research and development is generated, for example, beleaguered by an over-moralising over-weaning legislature, seeking a more compatible environment in which to work away from Germany.

Unifying the country in mind and spirit will take a whole generation. But that is not our main problem now. Instead Germany must make sure the cartel of inertia and aversion to change does not become the hallmark of "Germany United". In that case, the country might still be playing in the big league but with diminishing chances of ending among the top teams.

The writer is a senior political analyst living in Bonn.

Are we sitting too comfortably?

A couch-potato lifestyle is breeding an obese nation. Drastic changes are needed, says Liz Hunt

It is unfortunate, but true: we are a nation of fatties, condemned to a bleak future of indolence and ever-worsening health.

A government report leaked to journalists over the weekend spells it out: the percentage of obese people in Britain has doubled since 1980, and is predicted to increase by another 50 per cent within a decade. By 2005, it says, a quarter of all British women and nearly a fifth of men will meet the clinical definition of obese. With this increase in the national girth comes the unwelcome consequences of a high-fat diet and minimal activity: even more heart disease, strokes, diabetes, cancer, and arthritis.

It is the most comprehensive analysis yet of the car-dependent, junk-food West

Health ministers, it seems, tried to protect us from the awful truth, withholding the report completed a year ago by the Nutrition and Physical Activity Task Force. Perhaps the apparent failure of their health policy so far was behind their reluctance to publish. The report says that government targets identified in its *Health of the Nation* White Paper – only 6 per cent of men and 8 per cent of women designated obese by 2005 – cannot possibly be met.

Other critics have suggested that ministers are running scared of issuing prescriptive advice, of telling us what to eat and what to do for our own good. Guidelines issued last year dictating how many potatoes, slices of bread, and bars of chocolate we should eat each week, met with widespread ridicule.

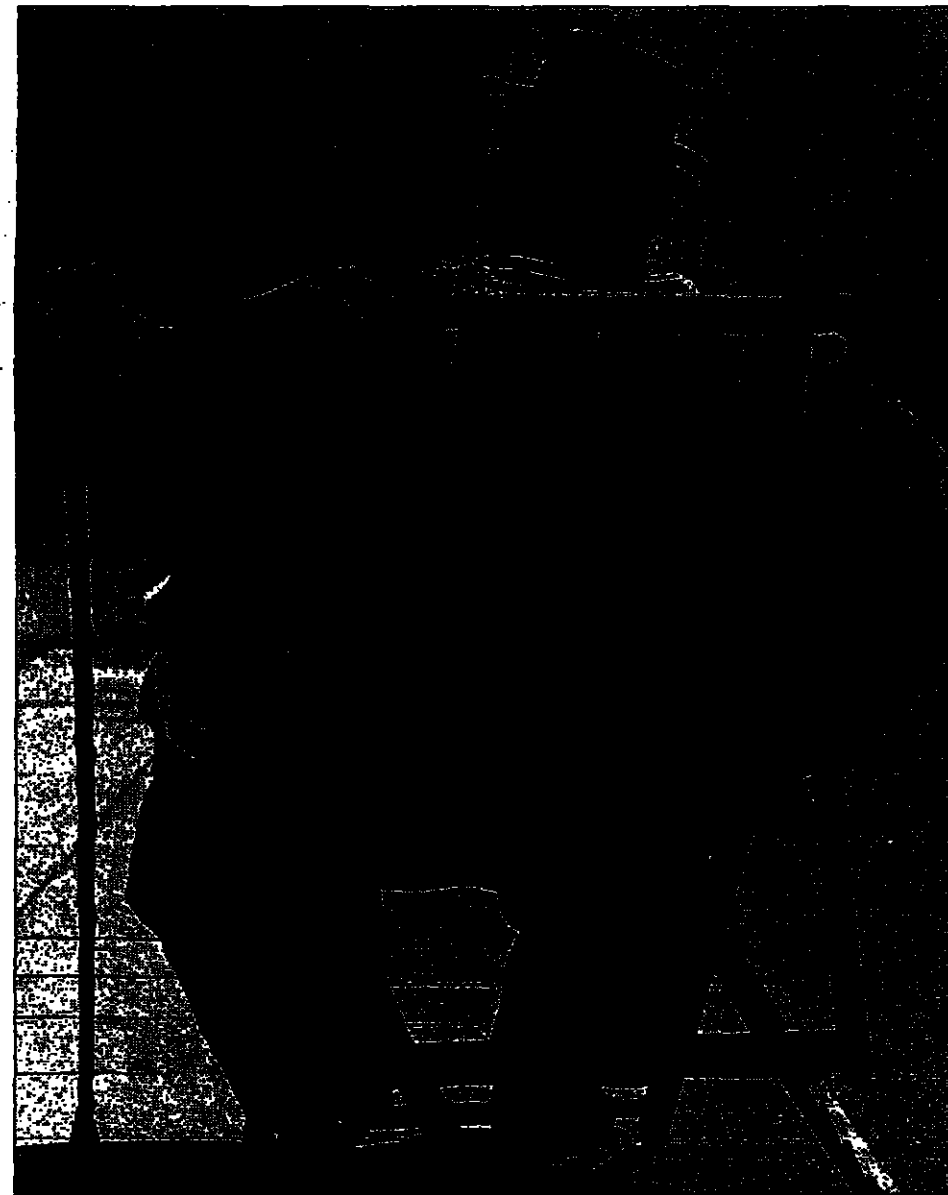
But ministers rarely suffer from such sensitivity to the electorate's expectations of their pronouncements. We have heard dire warnings about the state of the nation's health before, and if nothing else they are guaranteed to generate acres of newsprint and publicity for the politician bearing the bad news. And as for prescriptive advice, well this government is big on disease prevention, and how else can that be achieved except through a list of do's and don'ts?

The most likely reason behind the suppression of this report is that it would expose the Government's failure to take on the vested interests which have a direct impact on the nation's health: the tobacco industry, the food and drinks sector, car manufacturers and the construction lobby.

Because, aside from providing the facts and figures on the British obesity epidemic, Professor Philip James, the report's principal author, and his colleagues are calling for a radical overhaul of every aspect of daily life to encourage healthier habits. This, they argue, is the only way to reverse the epidemic of obesity and reduce its toll on health. They have issued a direct challenge both to ministers and the lobby groups, demanding that if they really care about people's health, they should put up or shut up.

The task force looked at schools, the workplace, home life, town planning, and the role of the health service, and have compiled what is probably the most comprehensive analysis to date of the health problems arising from the "junk-food, couch-potato, car-dependent" existence of much of the Western world.

That this has been recognised by the World Health Organisation emphasises its significance. Alarmed by the UK findings, the WHO is now funding an international task force headed by Professor James, who is



director of the renowned Rowett Research Institute in Aberdeen, to complete a similar study on their behalf.

Professor James has declined to comment on the Government's reaction – or lack of it – to the findings and recommendations of the task force, but admits that it is "a novel report in showing that we have taken an inappropriate approach to policy in the past. In practice, we are talking about changes in the whole of society."

The report says that schools must become centres of physical activity for the community, and there should be a shift of

emphasis away from competitive and team sports which focus on the elite school athletes, to encouraging every pupil in some form of activity. Doctors should be able to refer patients to a health club or gym if they feel this would be beneficial, so that exercise becomes a prescribable therapy and is recognised as a treatment for some health problems. Employers should provide changing facilities and showers for their workforce who want to walk or cycle to work, or exercise at lunch time.

More controversially, the

task force recommends the end of car-oriented planning, which has led to the growth of large areas of towns and cities that are inaccessible by foot. "We are becoming one big parking lot like Los Angeles, where people walk from their homes to their cars to the shopping mall, and that is the sum total of their activity," said one source involved in writing the report.

Professor James and his team are also calling for far tougher reductions in the proportion of energy that comes from fatty foods. The Health of the Nation target is 35 per cent

Fat of the land: critics have suggested that ministers are running scared of issuing prescriptive advice about what we should eat

of food energy from fat by the year 2005, compared to the 30 per cent called for in the new report, a figure which is backed by the WHO. Professor James proposes a "fat audit" by the food industry, and argues that its preoccupation with innovation and technology should make it easy to comply with more restrictive fat contents of foodstuffs.

That such changes can be achieved – and would be beneficial to the population – is not in doubt, according to Professor James. He cites the experience of Scandinavian countries, which have put the health of the nation first over vested interests and have had a major impact on public health.

In Norway, farmers are paid to produce leaner meat, and they are no longer paid by the fat of their livestock. The Norwegian government has invested in sporting facilities and cycle-ways and there are financial incentives to employers to provide showers and changing facilities in the workplace. Strict guidelines regulate public catering, and free vegetables and salad are included in every restaurant meal. Over 15 years, Norway and Finland have reduced the proportion of food energy from fat from 42 per cent to 34 per cent. In Finland, vegetable intake has been trebled. Blood cholesterol levels have dropped markedly in a large percentage of the population; blood pressure has been dramatically reduced, and the stroke rate has dropped.

"The health of these countries has been transformed," Professor James says. "This has been achieved by a coherent health strategy that has permeated every aspect of everyday life." To Stephen Dorrell, the new Secretary of State for Health, the message is clear: the patient is in a terminal condition, and only drastic measures will help him survive.

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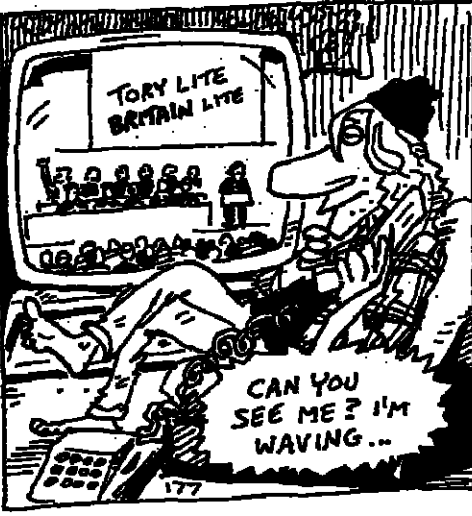
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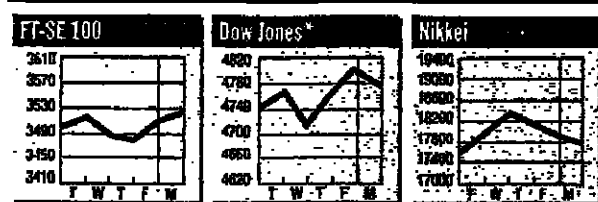
Generation Why



by Tony Reeve and Steve Way

MARKET SUMMARY

STOCK MARKETS



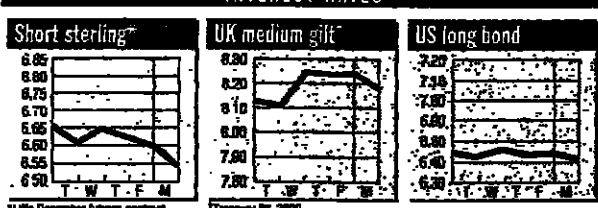
Index	Close	Day's change	Change (%)	12 Mth High	12 Mth Low	Vol (M)
FTSE 100	3620.2	+12.0	+0.3	3570.8	2943.4	4.0
FTSE 250	3658.9	+10.1	+0.3	3678.5	3300.9	3.5
FTSE 350	1758.9	+5.8	+0.3	1778.3	1477.0	3.9
FT All-Share	1970.5	+0.1	+0.0	1993.1	1678.6	3.3
FT All-Share	1738.9	+5.2	+0.3	1738.9	1487.0	3.9
New York	4786.0	-23.1	-0.5	4801.8	3874.6	2.4
Tokyo	17339.8	-173.2	-1.0	20148.8	14485.4	0.8
Hong Kong	8725.0	-15.5	-0.2	8797.4	8657.9	3.3
Frankfurt	2205.0	+18.0	+0.8	2317.0	1911.0	2.0
Paris	1780.7	+7.6	+0.4	2017.3	1721.0	3.8
Nikkei	9225.0	-95.0	-1.0	10811.0	8265.0	2.0

* Day Jones index at 1500 hours / New Jones graph at 1300 hours

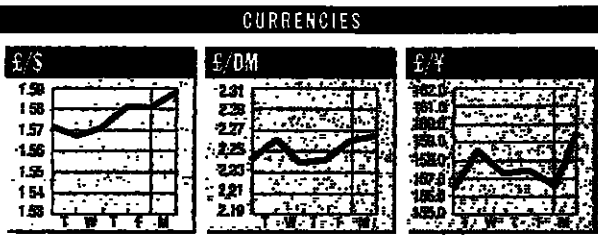
MAIN PRICE CHANGES

FTSE 350 companies (excluding investment trusts)				Falls			
Rises							
	Price (p)	Change (p)	%Change		Price (p)	Change (p)	%Change
Southern Elec	956	69	7.7	ML Laboratories	311	15	4.6
Barclainat Units	96	6	6.7	PKO	171	5	2.8
London City	920	55	6.4	Scotts Holdings	619	17	2.7
Yorkshire Water	658	33	5.3	Barnat Dev	169	6	3.6
Garmore	276	13.5	5.1	National Power	503.5	12.5	2.4

INTEREST RATES



Money Market Rates	1 Month	1 Year	3 Month	6 Month	9 Month	12 Month
UK	6.72	6.69	8.12	8.81	8.28	8.54
US	5.81	6.00	6.16	7.61	6.49	7.82
Japan	0.50	0.59	2.82	4.50	3.49	4.92
Germany	4.06	4.06	6.95	7.57	7.35	8.01



Comd	Yesterday	Change	Year Ago	Comd	Yesterday	Change	Year Ago
\$ (London)	1.5875	+0.070	1.5770	£ (London)	0.6299	-0.28	0.6341
\$ (New York)	1.5898	+0.055	—	£ (New York)	0.6290	-0.22	—
DM (London)	2.2684	+1.00p	2.4468	DM (London)	1.4307	+0.10p	1.5516
¥ (London)	159.79	+13.05	156.06	¥ (London)	100.60	+11.53	98.97
Index	85.2	+0.5	88.7	Index	92.7	+0.3	94.6

Other Indicators	Yesterday	Day's change	Year Ago	Index	Latest	12 Mth High	12 Mth Low
Oil Brent \$	16.27	+0.15	17.10	RPI	149.9	3.9pc	2.4
Gold \$	383.25	-0.10	383.80	GDP	—	2.9pc	4.1
Gold £	241.42	-1.69	248.71	Base Rates	—	6.75pc	5.25

Source: Datastream

IN BRIEF

Imro fines member £5,000

The investment managers' watchdog, Imro, has fined one of its member firms, Guildhall Investment Management, £5,000 and ordered it to pay £12,000 costs for failing to keep proper records of client information and the intended allocation of investments between customers. The offences took place between September 1993 and May last year.

Alliance & Leicester snub for Amicable

Alliance & Leicester Building Society has chosen Marlborough Stirling, a specialist business systems provider, to provide back-office administration for its own life company, to be launched next year. In so doing, the society has snubbed Scottish Amicable, the Glasgow-based insurer it was formerly tied to, which was hoping to pick up the contract.

Mobile demand strong, says Vodafone

Vodafone said connection figures for the third quarter showed continued strong growth in the demand for mobile phones. Gross connections for July, August and September were over 279,000, which resulted in net connections of more than 148,000. The level of "network churn" continued to improve, down from 28.5 to 25 per cent. "This result for the traditionally slower summer quarter was significantly ahead of last year's record equivalent period and well up to our expectations," Sir Gerald Whent, chief executive, said.

Lord Young answers critics

The Cable & Wireless chairman, Lord Young, said the company had "no plans to disengage anything". He added: "I see value coming through (for shareholders) in a steady increase in earnings." His comments followed recent criticism from analysts that the company is failing to provide shareholder value and should be broken up or demerged. Lord Young also said the company was looking to build on its US interests but declined to give details.

London Clubs buys casino for £16m

London Clubs International (LCI) acquired the two companies that together own the lease and business of the London Park Tower Casino. The acquisition will be for a cash consideration of £16m, subject to certain adjustments, with a further deferred payment of up to £6m depending on profits over the next three years.

TT in £16.8m acquisition

TT Group has acquired Linton & Hirst Group from Schroder Ventures, North of England Ventures and the management, for £16.8m. Linton & Hirst, a laminations manufacturer, supplies the electronics industry worldwide and was the subject of a management buy-in in 1992. The company said £15.1m was paid in cash on completion. Deferred consideration of £1.7m is also payable in cash, conditional on Linton & Hirst's pre-tax profits for the year to December being not less than £2.5m.

ShareLink offers placing service

ShareLink launched its new issues placing service, aimed at making it easier for private investors to participate in new issues coming to the market through a placing. From next year the Stock Exchange initial public offering rules will be changed so that companies will no longer have to reserve a proportion of big offers for the small investor.

Labour says it will refer bids for utilities to MMC

MARY FAGAN
Industrial Correspondent

Takeover bids among electricity and water companies will be retrospectively referred to the Monopolies and Mergers Commission to protect consumers, the Labour Party said. The warning came as National Power, the nation's largest generator, announced an agreed £2.8bn merger with Southern Electric and speculation mounted London Electricity would be next to fall.

Jack Cunningham, shadow trade and industry secretary, said: "We reject the growing accumulation of unaccountable private monopoly power. The Monopolies and Mergers Commission must be used to safeguard the national and consumer interest. If not, a Labour Government will make a retrospective reference."

Pressure for an MMC reference further intensified with renewed calls for an investigation from the National Consumer Council. A spokeswoman for the MCC said: "The case for each electricity bid to be referred to the Monopolies and Mergers Commission becomes ever more pressing as takeover frenzy gathers momentum." She added: "If this takeover goes ahead it will be a form of vertical integration in the industry and consumers will want to know how it will affect them."

The bid for Southern, one of the two largest regional supply and distribution companies, is the seventh in the industry so far. It comes two days before Offer, the industry regulator, is due to submit to the Office of Fair Trading its report on the proposed takeover of Midlands Electricity by PowerGen.

City analysts said National Power's move would increase the likelihood of an MMC reference. But there is also a view that Ian Lang, president of the Board of Trade, would prefer to clear all attempts to acquire regional electricity firms. Shares in Southern Electric surged by 69p to 966p while National Power fell by 12.5p to 503.5p.

John Baker, chairman of National Power, said the merger is "wholly logical" in the light of developments in the sector. He defended previous statements that National Power was not seeking to buy a regional company, saying the Government had changed the situation by clearing a hostile takeover bid by Scottish Power for Manweb. Mr Baker said: "What has changed is not our view but the

way in which the market is evolving and the fact that the Department of Trade and Industry appear to be saying they do not rule out vertical integration in the industry."

He added: "We simply have to join in the process of rationalisation in the industry rather than stand on the sidelines." Mr Baker said the merger would transform National Power into a broadly based energy company able to compete more effectively in the national electricity supply market when it is opened up fully in 1998. Unions warned that there could be further job cuts. Mick Brade, southern region representative for Unison, said: "We would give it two cheers out of three. Three cheers would have been Southern Electric remaining independent or taking over somebody else."

National Power refused to be drawn on possible redundancies or on whether Southern's headquarters in Maidenhead would remain intact. The generator has 5,000 employees and expects to cut 500 jobs over the next year or two.

Southern's core workforce of 3,650 is already projected to fall to about 3,000 by the end of the decade.

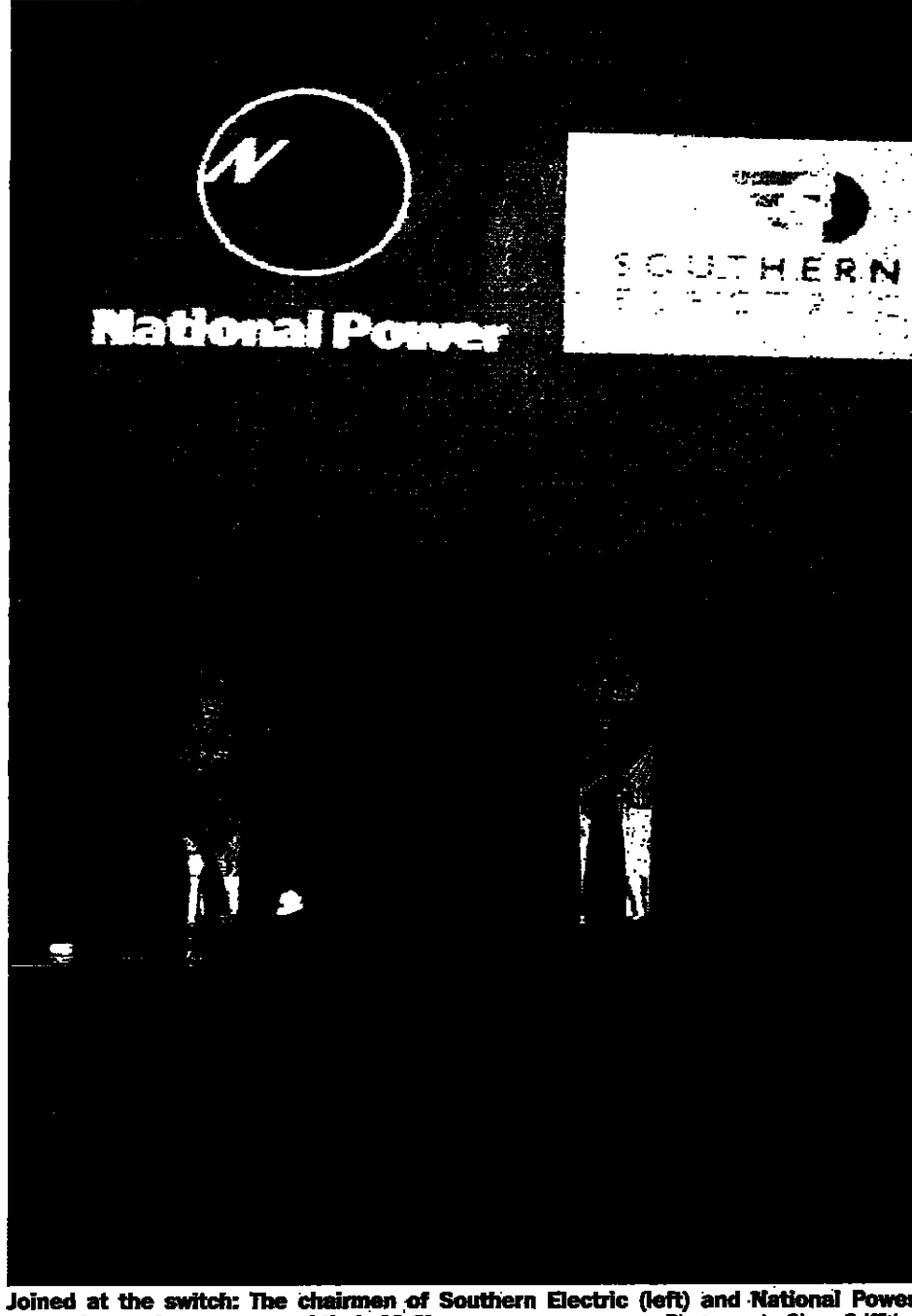
The £2.8bn offer represents £10.10 per share, split between £8.25 in cash and a special dividend of £1.85. The dividend will carry a tax credit for some shareholders, taking the value of the offer to £10.56.

National Power said that in the event of the sale of the National Grid Company before the completion of the merger, up to £1.75 of the special dividend would be clawed back and Southern's shareholders would receive grid shares. If the NGC sale is after the merger, National Power would sell any grid shares inherited through the takeover.

The takeover is expected to take National Power's gearing to more than 100 per cent initially, falling back after the NGC sale and the planned disposal of three power plants. It is expected to significantly enhance National Power's earnings but, combined with the plant sales, the effect on earnings will be neutral.

Separately, Norweb said it would recommend a £1.72bn offer from North West Water unless a rival US bidder, Texas Energy, increases its terms. Texas is expected to raise its offer but there was also speculation it could switch its attentions to London Electricity.

Comment, page 17



Joined at the switch: The chairmen of Southern Electric (left) and National Power yesterday as they announced their £2.8bn merger

Photograph: Glynn Griffiths

Status of bids in the electricity sector

Target	Bidder	Status
Southern Electric	National Power	Agreed*
Midlands Electricity	PowerGen	Agreed*
Eastern Electricity	Hanson	Unconditional
SWEB	Southern Co. (US)	Unconditional
Manweb	Scottish Power	Contested
Northern Electric	Trafalgar House	Abandoned
Norweb	North West Water	Rival bid by Texas Energy

* Subject to regulatory approval

Societies cast gloom on prices

NIC CICUTTI

Britain's top two building societies, Halifax and Nationwide, warned yesterday against hopes of a rapid recovery in the housing market, despite recording the largest house price rise in more than six months.

Both societies said prices were still lower than a year ago, while sales were still at a low ebb. Their figures came on the first day of new government restrictions on state benefits for homeowners who lose their jobs.

Halifax said house prices rose by 0.3 per cent in September, but are down 2 per cent on a year ago. Nationwide's index showed a 0.6 per cent monthly rise but a 1.3 per cent yearly fall.

The only time Nationwide has recorded an increase greater than last month was in March, when its figures showed a one-off 1.2 per cent rise.

In Halifax's case, its Sep-

tember rise is the highest since last year. Philip Williamson, divisional director at Nationwide, pointed out that recent figures from the Inland Revenue showed that transactions were at their lowest level since early 1993.

"Confidence remains poor after the experience of recent years and this could continue to be a potential restraint on [any] recovery," he said.

His views were backed by the Council of Mortgage Lenders, the industry's trade body. "It is too early to say whether this is the first sign of a revival. One would have to look at many more months' house prices before making a firm judgement," the council said.

"Higher transactions would be a sign of greater confidence by homeowners and new borrowers. That is dependent on what initiatives are taken by the Government."

Despite his caution, Mr Williamson said he was still

hopeful of a modest house price rise next year. "There are grounds for believing the market will show some improvement," he said.

"Weak growth in personal incomes, a significant drag on the market in 1995, could be alleviated by tax cuts in November's Budget. The recent improvement in the outlook for interest rates is also an important positive factor."

Mr Williamson also argued that a turnaround in house prices would depend on government measures to stimulate activity.

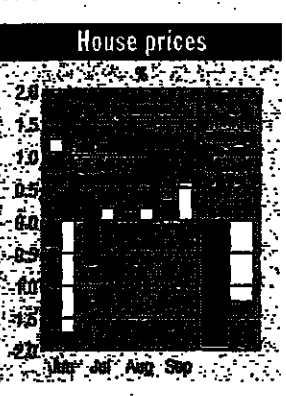
"Next month's Budget offers an opportunity [for it] to provide specific help for the homebuyer, thus reaffirming its support for owner-occupation," he said.

Over the past six months, lenders have waged a bitter campaign against government cuts to mortgage interest payments made when many borrowers become unemployed.

The changes, which take place today, mean that new borrowers will not have the interest paid on their mortgages for the first six months. Existing borrowers will be denied payments for two months, switching to half the interest for another four months.

Some lenders argued the cuts would depress house prices further and push up repossession rates.

House prices



Clampdown on Daiwa reflects anger in US

JOHN EISENHAMMER
Financial Editor

The US authorities yesterday ordered the Daiwa Bank of Japan to reduce to a minimum its New York branch activities, following alleged violation of banking regulations.

The enforcement order issued by the Federal Reserve Board of Governors and the New York State Banking Department reflected anger that Japan's 10th biggest bank had deliberately ignored US regulations by delaying reporting the circumstances surrounding the \$1.1bn losses run up by Toshiba Iguchi in unauthorised bond trading.

Daiwa headquarters in Osaka were alerted in July by Mr Iguchi in a confession about the massive unauthorised trading, apparently conducted over an 11-year period. The bank then moved discreetly to conduct its own internal investigation and apparently sell off assets to cover the loss. The regulatory authorities in New York were only informed in mid-September of what, if proven, will amount to the biggest financial scandal on American soil.

In addition to the failure to inform the authorities of a severe breakdown in controls and supervision, Daiwa Bank "may have knowingly submitted a misleading and incorrect report of the branch's condition" as of 30 June, the New York authorities declared. Daiwa Bank was ordered to conduct a "detailed forensic review" of the transactions that led to the \$1.1bn of bond trading losses, and to provide an in-depth internal review of its actions from the time

it learned of the loss in July until it notified the banking authorities last month.

Daiwa must also submit, within five days, an acceptable written plan to reduce all of its New York trading activities "to the minimum levels necessary to service customers, conduct asset-liability management and manage the risk in the existing trading position of the New York branch", the regulators announced yesterday.

The US authorities were scathing about the unauthorised practices that allowed Mr Iguchi to deceive his superiors for such a long time in trading very ordinary financial instruments. The regulators said "prompt interim action" was needed to control Daiwa's local activities, and permanent enforcement action may be necessary. This will be decided at a hearing on 27 December.

The Fed said that in November 1992 and November 1993 regulators criticized controls at the New York branch. Regulators said they were led to believe by Daiwa officials that lines of authority were changed in November 1993 so that Mr Iguchi was no longer responsible for the branch's trading and custodial operations. The Fed now believes reporting lines were not changed.

In his written confession to Daiwa Mr Iguchi said that because he was responsible for the branch's custodial department, he was able to sell securities from Daiwa's own accounts, as well as securities of customers to cover his trading losses. He was also in a position to falsify accounting and other branch records to hide the losses.



COMMENT

"If it makes sense for generators to merge with distributors and suppliers, the bids can be used as a way of forcing a much more radical break-up of generating capacity than presently envisaged"

National Power may have opened Pandora's box

Having effectively ruled himself out of the great regional electricity company race a couple of months back, John Baker, chief executive of National Power, had quite a somersault to perform yesterday as he unveiled details of a £2.8bn takeover bid for Southern Electric. His explanation for the apparent change of heart was that National Power was merely "adjusting to changed circumstances".

By this he meant that the regulatory environment has changed. Something he thought would certainly not be allowed a couple of months back now seems to be perfectly OK as far as ministers, the Office of Fair Trading and the electricity regulator are concerned - the vertical integration of companies in electricity generation, distribution and supply. There seems to be no answer, other than the obvious, as to why National Power, the largest in the industry, left it to Scottish Power and PowerGen to blaze the trail of vertical integration. Certainly there is a "Johnnie come lately" feel about this bid.

However, National Power's slowness of the mark is perhaps an irrelevance set against the main issue of whether it is right to allow the market to continue reshaping Britain's electricity industry in any way it pleases. Clearly the National Power bid marks, if not a turning point in the game, at least a substantial acceleration of the action.

Even after selling off a fifth of its generating capacity, National Power will remain, with 23 per cent of the market, the domi-

nant producer. Combine that with the acquisition of one of the two largest regional electricity companies, and it becomes overnight far and away the most powerful player in the reshaped electricity industry. Should this be allowed? The case in favour goes along these lines.

Consolidation of the industry is both an inevitable and a beneficial thing. Electricity "disaggregation", to use Mr Baker's word, ahead of privatisation, may have suited the Government's purpose at the time but things move on and an industry divided into 18 moving parts is plainly not the optimum in terms of efficiency. Nor is it necessarily a structure most capable of delivering to the consumer the benefits of free competition in supply, set to begin post 1998. To enter this market properly, the generators need the infrastructure investment in billing systems already made by the regional electricity companies. For a generator to invest on that scale without an existing customer base would not make any kind of commercial sense.

Furthermore, the argument goes, if National Power and PowerGen are referred to the Monopolies and Mergers Commission there is a strong possibility that the Americans will nip in and steal the bid prizes.

When PowerGen put these arguments to ministers it got a sympathetic hearing. Nothing, however, is ever as simple as presented. While it is true that vertical integration works perfectly well in many

industries without damage to competition, it is probably fair to say that when a dominant producer links with a monopoly supplier, the effect is nearly always harmful regardless of regulatory safeguards. The "pool" provides no kind of protection. Nor, as we already know, does Professor Stephen Littlechild. Competition might eventually, but it will take time.

There is, however, an opportunity for ministers in the generating bids. If it makes sense for generators to merge with distributors and suppliers, the bids can be used as a way of forcing a much more radical break-up of generating capacity than presently envisaged. As a condition of the bid, for instance, National Power could be made to divest not just a fifth of capacity, but two fifths, or even three. If other RECs were given a fighting chance in generation, then the fully competitive market that ministers dream of becomes a real possibility. In bidding for Southern, National Power might have opened a Pandora's box.

GEC heavyweight should make way for flyweight

Like heavyweight boxers, corporate Luggists rarely know when to quit. Lord Weinstock should have retired long ago but seems intent on hanging on to the bitter end. Yet, the call for change grows. At least one senior GEC executive has been "whispering"

to fund managers about the need for new management blood. A poll of GEC's key investors reveals an overwhelming call for Lord Weinstock's retirement. If that was not enough, look at the financial figures. GEC's plodding performance has disappointed the market for years.

Through it all, Lord Weinstock has maintained a lofty silence. The issue of the succession has now gained some urgency. Lord Weinstock himself imposed a deadline of next summer to resolve the matter. Last year he extended his contract until 1996, when he will be 72. The institutions did not particularly like it but voted it through on the understanding that the GEC nominations committee would arrange a smooth transition. But so far, nothing. If the strategy is simply to hold on long enough to ensure that his son Simon gets the job, then it is doomed to failure. The institutions will have none of it.

Lord Weinstock's brilliance as a manager and one time visionary is undeniable, but the company today seems structurally incapable of achieving rapid growth. His "scientific" management, rigid cost control, and evolutionary rather than revolutionary change has given GEC a tendency towards inertia. GEC urgently needs new blood. It has able insiders, like Peter Gershon at Marconi, or finance director David Newlands. But what is needed ideally is an outsider, someone capable of riding rough shod over the old guard. GEC has a strong order book,

but lacks the commensurate earnings growth. To achieve the later, a fundamental shake-up at the divisional level is perhaps required. Do not count on this happening, however. GEC is far from the parlous financial condition that allows institutions to insist on a new broom. But would it not be something if Lord Weinstock displayed some of his old visionary flair by ensuring that a very different kind of man succeeds him.

Open secrets behind closed doors

The accountancy firm KPMG today finds itself in the unaccustomed position of hogging the limelight normally reserved for its clients. Such is the interest that has been generated by its plan to incorporate its audit arm that Britain's second biggest accountancy firm has taken over part of London's Savoy Hotel to announce the outcome of the vote.

One way in which the change is being sold to clients is that it will result in greater financial disclosure, enabling them to obtain the same sort of information about the financial health of their auditors as they can about most of their other suppliers and customers. Unfortunately for the clients, they will only learn details of the new incorporated structure after it has become a fait accompli. Let's hope the information is reassuring.

Barings bondholders target SFO

DAVID HELLIER

The action group trying to bring a private prosecution against Nick Leeson, the former Barings futures trader, said last night it would fight the Serious Fraud Office "all the way" if it tried to shut the case down.

Yesterday, Michael Hill QC, acting for the Barings bondholders, met George Staple, the SFO director, after the SFO case controller, James Kellock, surprised bondholders on Friday by asking them to send the SFO their papers. His first letter was followed by a second demand within 30 minutes. By yesterday the papers had been handed over to the SFO.

Although the bondholders are taking a private prosecution against Mr Leeson, the SFO is arguing that it has powers under the 1987 Criminal Justice Act to take over such a prosecution if it falls within the remit of serious commercial fraud.

Jonathan Stone, who is leading the bondholders' action group, said yesterday "the SFO does not have a leg to stand on". Mr Stone laid eight summonses against Mr Leeson last week in the City of London magistrates' court. He said the court was "absolutely clear that we had jurisdiction over these offences. The court had no cause for concern. It is absolutely inappropriate for the SFO to step in now". Mr Stone added: "We will fight them all the way. The SFO has quite a reputation for tripping up."

The SFO said Mr Kellock had asked the bondholders' solicitor on Friday for their papers on the case and had now received them. "The director has the power to take over a private prosecution in certain cases and he is now considering whether he can do it on this particular occasion," a spokeswoman said.

Sources at the SFO said the office believed the most appropriate place for a trial on the Barings affair was Singapore. The office had to show it was prepared to work closely with other prosecuting authorities in tackling overseas fraud. "If we want better co-operation in the future we have to show that we are prepared to do the same ourselves. And we feel that all the witnesses are in Singapore, and the evidence and we do not wish to be shy in saying that."

The SFO view contrasts strongly with that of the UK bondholders and of Mr Leeson's solicitor. They believe there is sufficient evidence for a trial to be played out in the UK. They have argued that the people who lost out from the collapse of Barings are predominantly based in the UK and that more of the background to the case will emerge if the trial takes place here.

The German authorities expect to make a decision on whether to accept the Singaporean extradition application later this week. If they accept the request, Mr Leeson's lawyer has said it will be resisted.



Bondholders want to derail SFO chief George Staple

Photograph: Edward Webb

Ailing First Choice gives profits warning

CLIFFORD GERMAN

Francis Baron, the chief executive brought into the ailing tour operator First Choice, then called Owners Abroad, two years ago, admits he does not expect much of a bonus for the year that ends this month, after warning that profits will drop back from £1.6m to a bare £1m.

Rival operators Airtrons and Thomson Holidays revealed six weeks ago just how badly a year that began with such high hopes has ended.

First Choice had to contend with extra costs of restructuring, rebranding and remarketing its tours as well as the decline in consumer confidence and the impact of a hot summer at home.

But analysts who talked then to First Choice still had forecasts of £17m-20m on their books yesterday morning.

The warning sent shock waves through the market, coupled as it was with a deeply discounted rights issue of two new shares for every five at 60p, raising £44.1m net to fund three acquisitions and ensure the group could meet the operating margins needed to maintain market share in 1996-97.

The final dividend of 2.45p is maintained on new and existing shares, but the shares fell a further 18p to 70p.

Thomas Cook, which took a 21 per cent stake to help fight off a bid from Airtrons in early 1993, will not take up its rights, which suggests an early parting of the ways. But it will not sell its shares in the market for at least six months.

Its entitlement has been placed in the market and the balance of the rights issue is fully underwritten.

The issue will finance the ac-

quisition of Skibound, the leading operator in the UK schools and group skiing market, for an estimated £23m in cash, of which £9.2m is payable on completion, the balance in 1996.

Skibound made £4m before tax on a turnover of under £40m in the year to 30 April. The acquisition will help reduce reliance on summer profits and make better use of aircraft capacity.

First Choice is also buying JWT, the third largest tour operator in Ireland, for £5.4m, and the balance of the Vancouver-based Fiesta West for an estimated £8.7m.

But the future depends heavily on the 1996 summer season, which yet again has started well. Baron expects the market to be static but relies on industry-wide capacity cuts of 8-10 per cent to reduce discounting and restore margins.

Tenneco pays £850m for Mobil arm

RUSSELL HOTTEN

Tenneco surprised the markets yesterday with a \$1.25bn (£850m) purchase of Mobil's plastics division, one of the largest makers of packaging and consumer products in North America.

The giant industrial group also said it was working on a big acquisition of a car parts oper-

ation, and hoped to announce a deal by the end of the year. "Tenneco is still a company in transition," Dana Mead, chief executive, said. "Tenneco remains a work in progress - stay tuned."

Mobil plastics' products include Hefty brand waste bags, tableware and food storage bags as well as speciality packaging for food service, super-

market and industrial applications. The company, in New York state, has about 4,100 employees and had revenues of more than \$1bn in 1994.

Mobil said the sale was part of its strategy to focus on core businesses of oil, gas and petrochemicals. The cash would be used to fund growth in these areas, including potential acquisitions.

Franco-German telecom venture expects approval

MATHEW HORSMAN
Geneva

Franco Telecom and Deutsche Telekom were last night confident their controversial joint venture would win European Commission approval and vowed to meet competitors head on in the European telecom market.

In his first big press conference since becoming the third

president of France Telecom in as many weeks, Michel Bon said the joint venture, dubbed Atlas, was still under negotiation, but we have every hope of reaching an agreement."

Roe Sommer, the Deutsche Telekom chief executive, earlier said progress was being made in the company's negotiations with Brussels and that he was optimistic the joint venture would be approved. Their com-

ments came at the end of the first day of Telecom '95, the telecommunications industry's four-yearly extravaganza in Geneva.

The two men, along with senior government officials from France and Germany, met Commission officials last week in an effort to forge a breakthrough. A second meeting is set for mid-October.

The Commission has held up

approval of Atlas in order to pressure the two companies and their respective governments into liberalising their telecoms markets in advance of a 1 January 1998 deadline.

Specifically, Brussels wants assurances that competitors will be able to offer services to businesses, and that the two Telecom companies will not use their dominant positions to shut out other suppliers.

France has already agreed to licence competitors such as utilities and the national rail road company, SNCF, which have alternative cable networks along established rights of way.

Germany, however, has been slower to move, as the government fears any threats to Deutsche Telekom could torpedo its plans for a multi-stage privatisation to be launched next year.

Growth in manufacturing output slows but sterling clocks up gains

Rates pressure fuelled by industry slowdown

Dollar bounces back through 100 yen level

DIANE COYLE
Economics Correspondent

Industry is expanding at the slowest rate for three years and rises in the price of materials are the lowest since April 1994, according to the latest purchasing managers' survey.

The slowdown in manufacturing will add to the calls for a fall in base rates, especially if official output figures for August, published on Friday, confirm the weaker survey results.

Base rate hopes were also raised by separate Bank of England figures showing growth of the narrow money supply measure, M0, slowed last month. However, it remained well above the 0.4 per cent monitoring range. In the latest monetary minutes, Kenneth Clarke, Chancellor of the Exchequer, and Eddie George, Governor of the Bank of England, drew attention to the dangers of a rapid increase in money supply.

City economists said a reduction in base rates was unlikely while monetary growth stayed uncomfortably high. The Budget is likely to be even more important. "If there is no tax give-away in the Budget

there will be a lot of pressure for interest-rate cuts," said Simon Briscoe, UK economist at Nikko Securities.

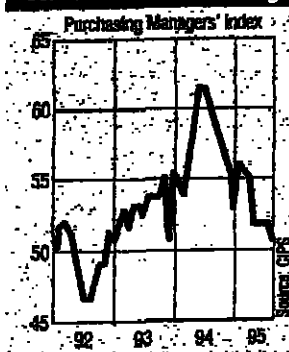
The purchasing managers' index dipped to 50.5 last month, from 52.1 in August, indicating barely any expansion in manufacturing. Peter Thomson, director-general of the Chartered Institute of Purchasing and Supply (CIPS), said: "This is clear evidence that manufacturing activity continues to slow." The main reason for the fall was a drop in new orders, due partly to weak home demand and lower export orders than earlier in the year.

The output index, a separate component of the overall purchasing managers' index, rose slightly. Stocks of finished goods fell. The CIPS said many companies were meeting demand by running down stocks rather than increasing production.

The prices firms paid for materials rose last month, but the increase was the smallest for 18 months. The prices index fell from 62.9 to 57.6.

Purchasing managers cited sterling's recent stability and the easing of shortages of some materials - especially plastics and

State of manufacturing



paper - as the explanation. M0 rose 0.5 per cent last month, taking its year-on-year rate of growth down from 6.1 to 5.4 per cent. Growth in cash in circulation, the biggest component of M0, slowed to 5.7 per cent.

On the other hand, the annual growth rate in M0 during the past three months, taken as the best indicator of short-term trends, has accelerated to 7.5 per cent. "The authorities are unlikely to cut interest rates against a monetary background that suggests the economy is bubbling under," said Kevin Darlington, UK economist at the broker Hoare Govett.

PAUL WALLACE

Bolstered by the prospect of the G7 meeting of finance ministers in Washington this weekend, the dollar broke back through the 100 yen threshold to close in London at 100.60. The pound also had a good day, ending 0.5 up on its trade-weighted index at 85.2, clocking up gains of a penny against the mark and almost a cent against the dollar, compared with Friday's London close. Morning gains by the dollar were helped by a report in the Japanese *Mainichi* newspaper that finance ministers would agree to let the US dollar rise to 110 yen.

Early dollar firmness against the mark petered out as the market absorbed the outcome of the Valencia summit and the reported remarks of Helmut Kohl about a possible delay to monetary union.

A further stiffening in the German conditions for EMU was made in a speech by Oskar Lafontaine, the Bundesbank's chief economist, in which he called for a new treaty to enforce sanctions against fiscal delinquency on the part of participating nations after a monetary union. Describing the sanctions

set out in the Maastricht treaty as "anything but compulsory", Mr Issing said what was at stake was "nothing less than the future stability of the common currency".

"Sterling has perched itself on a very narrow ledge," said Neil MacKinnon, currency strategist at Citibank, referring to the market's perception that sterling will not participate in a first step to monetary union. Lee Ferridge of NatWest Markets thought that sterling's strength against the dollar would be short-lived.

The perception that the US National Association of Purchasing Managers' index was weaker than expected had little effect on the foreign exchanges but helped the US bond market, with the 30-year bond rising by over half a point.

The market had been expecting the NAPM index, which gauges the state of US manufacturing, to rebound to above 50 from 46.9 in August. Instead it rose in September to only 48.3, the fourth month running that it has shown softness in manufacturing. The sharpest fall in the components of the index was in inventories.

Manweb

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business

Capitalism blooms in Russia's chaos

It is deeply unfashionable to be optimistic about Russia. Yet it is a sign of our times that the OECD, the rich countries' club, should now be producing its first economic survey of the country.

True, Russia is not yet a member of the OECD, and true, it would not qualify for membership. But it is already possible to see a world where Russia has become a "normal" market economy and, for the truly optimistic, a full-status developed one. It is natural that the OECD should seek to chart the progress of what will in time become one of its most important members.

Because that day is some way in the future, this report has a rather different feel to it from most OECD studies. It has, for a start, rather fewer graphs and statistics than usual. The graphs it does have seem usually to head downwards instead of upwards and the authors acknowledge that the statistics, like the graphs, may well be misleading. There is also a slightly pained tone to the text absent from other reports. It noted, for example, that Russians were suffering from reform fatigue and added "it seems that many ministries and institutions are suffering from 'foreign adviser fatigue'". This made the gathering of information "significantly more difficult".

The result is a touch-and-feel analysis rather than a number-crunching one. In a way this is refreshing, because the story has to be told in words rather than in figures. Not only did the figures of the pre-reform Soviet Union grossly inflate the real output of the government-controlled sector; they also excluded the large informal economy, much of which operated outside the law. Since the formal economy was over-stated and between 20 and 35 per cent of the GDP was military spending, the official figures have plunged. But though the old informal, extra-legal economy has seen rapid growth, since some of this remains outside the law, it is hard to estimate how much growth there has really been.

Still a big picture emerges and it runs like this. Take 1991 as a base. Official figures say GDP has halved. Production figures



ECONOMIC VIEW

HAMISH McRAE

of specific items, including consumer goods, would tend to confirm this. Thus bread production has fallen by 32 per cent. If, however, you look at consumption, things are different. Bread consumption, far from going down, has risen by 12 per cent. Practical things that you can measure reasonably accurately, like electricity consumption, are now about 80 per cent of the level at the beginning of 1991. The service sector, hard enough to measure in an economy like ours, let alone in Russia, has undoubtedly grown fast, but almost certainly not fast enough to offset the decline in industry.

And real living standards? They have fallen. Even allowing for things that are difficult to measure, like the time once spent queuing, people on average are worse off. But they are perhaps 15 per cent worse off, not 50 per cent worse off. Differentials have widened, but not by as much as the figures suggest, for much of the official class's income before 1990 came in perks rather than pay. Finally, though personal incomes certainly fell during the early stages of reform, it seems they have stopped falling and may be rising.

Looking ahead, the OECD tentatively bullish. The economy is growing at the moment. Exports rose 17 per cent in dollar terms in the first five months of this year compared with the same period of 1994. Imports rose by 13 per cent on the same basis. The OECD thinks that with the right policies, growth could speed up to 10 per cent next year. If that were to happen Russia would be the fastest-growing large economy in the world. With the wrong policies, however, the upturn could falter.

It needs little imagination to work out what the OECD thinks the right policies are: cut the budget deficit, keep interest rates up, cut back inflation, build business confidence, encourage repatriation of flight capital, crack down on corrup-

tion and crime, and so on. If it does, the future is bright. It is still all to play for.

This is surely right. The transformation of what was essentially a war economy onto a peace-time basis was always going to be difficult. The worst fear, that 70 years of a command economy had so eroded the entrepreneurial spirit that establishing a market economy would be virtually impossible, has proved unfounded. There is plenty of get-up-and-go. The main trouble is that this spirit is most evident in the extra-legal economy: bringing that inside the law, setting reasonable rules of behaviour, takes time.

But it is happening. In the financial services sector, the reputable share dealers have established settlement procedures amongst themselves. They know which registrars are reliable and trade in shares where the register is properly administered and the title to shares can be properly established. Commercial self-interest is producing a legally effective framework for share trading. And it is getting better. While the settlements system is expensive by Western standards, it is much more secure than it was, say, two years ago.

If you step outside the chaos, you see a large country with enormous human skills and great natural resources. It has a trade surplus. It has relatively low foreign borrowings. Its citizens hold large external funds. Tax and other reforms are taking place gradually, which will correct some of the present internal imbalances in the economy. Given where Russia started five years ago, and given that there was no adequate road-map of how it should travel, surely the achievements so far are not too bad.

What Russia needs is a perception of success. It is perfectly possible that just such success will come in the next year. And once the pendulum swings, suddenly it will become fashionable to welcome Russia to the capitalist world.

US legal cloud over Lucas lifts

THE INVESTMENT COLUMN

Edited by TOM STEVENSON

The headline number may have been a lot bigger than the market had hoped but what really matters about the conclusion of Lucas's row with the US government yesterday is that it is finally over. A total hit of £95m will take the shine off full-year figures next Monday, but the cars and aircraft engineering group's new chief executive, George Simpson, will at last be able to stand up and talk about the future.

Since the beginning of 1994 Lucas has lagged behind its engineering peers, partly because of the cloud of litigation, partly because the market was holding fire to see just how quickly Mr Simpson could get to grips with his new charge. Over the past 18 months Lucas's shares have trodden water, marginally under-performing the market as a whole. Over the same period BBA has beaten the All-Share index by 43 per cent and GKN by an impressive 55 per cent.

The markets Lucas serves are undeniably still tough, but not worryingly so. Aerospace is picking itself off the bottom and arguably could be peaking in two or three years' time just as the automotive markets falter. Double-digit margins on sales of around £500m should make most analysts' forecasts look conservative.

In motors, Lucas is heavily biased towards the UK and Europe, which is good news in the face of an expected downturn in the American car market. Relatively flat markets in Europe shouldn't be a concern, with Lucas holding strong positions in fast-growing areas such as diesel technology, intelligent braking and other electronics.

Before the exceptional charge, pre-tax profits next week should top £140m, from sales of £2.95bn, a great deal better than the performance of the last few years but still hardly a stirring return on sales of less than 5 per cent. By the time tax has wiped out the post-exceptional profit, earnings will just about break even, so reserves will have to be raided once more for a maintained full-year dividend of 7p.

The flip side of still-poor margins, of course, is the high degree of operational gearing still in Lucas's now-clean businesses. By next July profits should have reached £215m, covering the payout twice. The cover could have reached three times by the following year.

That puts the shares on a prospective price/earnings ratio of 13, with a yield of 4.5 per cent. Given the recovery prospects, that is pretty good value.

Uncertainty over First Choice rights

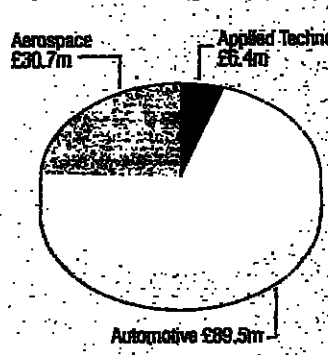
Fest and famine follow each other with alarming speed in the holiday business. The last time First Choice issued a profits warning was just over two years ago, when it was

Lucas: at a glance

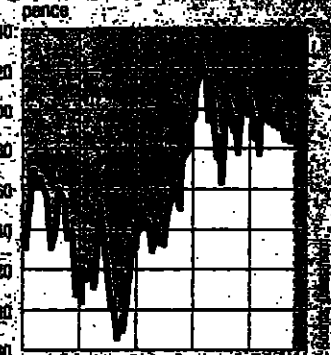
Market value: £1.71bn, share price: 195p

Five-Year record	1991	1992	1993	1994	1995
Turnover (£m)	2,220	2,420	2,620	2,820	2,950
Pre-tax profits (£m)	82.6	22.5	49.5	140	140
Dividends per share (pence)	7.0	7.0	7.0	7.0	7.0

Operating profit by activity



Share price



known as Owners Abroad. It came just four months after the group had fought off a bid from its rival, Airtours, and with a Takeover Panel investigation looming most of the directors resigned.

Not to be outdone, the new management issued its own warning yesterday but there the similarity ends - this time it has no intention of rolling over. The warning coincided with a rights issue which will fund three acquisitions and raise up to £10m to strengthen the balance sheet and ensure the group meets the Civil Aviation Authority's margin requirements.

It is not surprising that Thomas Cook is not taking up its rights on its 21 per cent stake, even if it gives other investors pause for thought. The stake it took in 1993 served its purpose in blocking the Airtours bid but the hoped for commercial benefits failed to materialise. It is disappointing, however, that the shareholders of one of the acquired companies have all opted for cash rather than shares, even though they will stay with the business. They could have registered greater confidence in the deal by accepting a mixture.

It is anybody's guess whether the

	Turnover £	Pre-tax £	EPS	Dividend
Ash & Lucy (I)	34.5m (30.8m)	2.97m (2.02m)	7.84p (5.2p)	2.8p (2.5p)
British Dredging (I)	19m (18.7m)	0.65m (0.89m)	2.62p (3.28p)	2.5p (2.8p)
Chiracacina (I)	2.11m (0.76m)	-5.5m (-3.75m)	-8.1p (-5.5p)	nil (nil)
Gruppe Chaz Gardard (F)	13.1m (10.2m)	2.33m (1.67m)	8.41p (7.28p)	2.4p (nil)
Malros Energy (F)	6.65m (1.71m)	5.65m (1.21m)	4.57p (1.82p)	0.48p (0.2p)
Moss Bros (I)	36.1m (30.1m)	3.2m (1.9m)	12.63p (7.8p)	5p (3p)
Oxide (I)	24.8m (19.5m)	2.61m (3.72m)	4.88p (4.64p)	nil (nil)
Ragant Corp (F)	8m (3.03m)	1.04m (0.61m)	1.9p (1.8p)	nil (nil)
Ricardo (F)	85.9m (82.9m)	6.42m (4.48m)	9p (8.4p)	6.3p (5p)
Style Group (I)	77.9m (63.3m)	0.56m (0.5m)	1.88p (1.58p)	nil (nil)

(I) - quarterly, (F) - final, (I) - interim

tour market will recover in the coming year. First Choice is forecasting roughly similar numbers for summer 1996, and relying on the reductions in capacity already announced by the three market leaders to raise the return on sales sharply. But the rights issue virtually guarantees all three companies will continue competing strongly for 1996. This is also an industry where capacity can be added back as quickly as it is cut.

Are the shares now cheap? The rights issue is priced 30 per cent below the price in the market last week, which was already close to the bottom end of the trading range over the past year.

There is a danger that some other holders will not take up their rights, however, and the suggestion that Thomas Cook will sell out in six months creates a nasty overhang.

Moss Bros still looking good

Figures from Moss Bros looked as sharp yesterday as the company's best morning dress. The remarkable recovery story over the past three years continued in the first half of the year to July, with profits up two-thirds and earnings and the dividend keeping pace.

The performance of the share price has not quite been in the same league as at Next, but having risen from just over 100p at the beginning of 1993, yesterday's 7p rise to 37p topped off a sparkling run.

Pre-tax profits of £3.21m compared with last year's first-half £1.92m, struck from a 20 per cent increase in sales from £30.1m to £36.1m. Encouragingly, like-for-like sales, before taking in the period, rose 10 per cent as the company continued to take market share off its competitors.

Moss Bros's share of the suit market has doubled over the past five years to about 8 per cent and 15 per cent is targeted.

What was really pleasing about the figures was the way Moss Bros has managed to maintain its gross margin despite an ambitious expansion programme. Since the merger with Cecil Gee, costs have been kept well under control.

The difficulty with recovery shares, such as Moss Bros, is deciding at which point all the good news is finally in the price. On the basis of forecast pre-tax profits this year of £9.5m, and earnings per share of 37.5p, the shares stand on a prospective price/earnings ratio of 15. That is marginally lower than the rest of the stores sector and still good value.

FIVE CLASSIC HOLIDAYS FOR TWO TO BE WON WITH THE INDEPENDENT

TODAY our Classic Holidays competition makes a 5-day visit to Jordan including a trip to Petra, the rose red city half as old as time. Like all the five holiday prizes we have on offer, the Long Weekend In Petra tour is for two people, is organised by Cox & Kings and will genuinely provide a holiday of a lifetime.

Petra is the hidden jewel of Jordan, carved out of the living pink rock more than 2,000 years ago by Nabataean Arabs. The dramatic landscape, the intricacy of the carvings and the sheer scale of the buildings combine to give Petra an air of almost tangible mysticism. No other ancient ruins come close to its astonishing grandeur.

Your long weekend starts in Amman and takes you on to the ancient city of Jerash. From there you travel along the Desert Highway to the Petra region where the Petra Forum hotel will be your base for two days of exploration.

Your approach to Petra itself is on foot through the twisting gorge of the Siq and ensures that your first sight of the ancient city is sudden and breath-taking. Rounding the final twist in the path you are confronted by the magnificent Treas-



sure building, massive, imposing and glowing pink in the brilliant sunshine.

On day two you can continue to explore this extraordinary city or take a trip to the legendary Wadi Rum.

And though Jordan is wild and rugged you will enjoy all the comforts of the 20th century. Cox and Kings have, over 200 years, perfected the tailor-made tour, one that allows for genuine travel and appreciation rather than rush, snap and hurry.

To enter our competition you must collect five differently numbered tokens from the seven we will be publishing in the Independent and the Independent on Sunday. Today we are printing token 4. One of your tokens must come from the Independent on Sunday. An entry form will be published at the end of the competition (Friday 6 October).

The Long Weekend In Petra can be taken anytime in 1996, subject to availability.

For further information on the Long Weekend In Petra and Cox & Kings call: 0171 873 5000.

RULES

- 1 To enter our Classic Holidays prize draw you need to collect 5 differently numbered tokens, including one from the Independent on Sunday.
- 2 An entry form will be printed on Friday 6 October 1995. The closing date for entries is 23 October 1995.
- 3 For previously published tokens or an entry form send an SAE to: Independent Classic Holidays Prize Draw, (Token Request CR Entry Form), PO Box 33, Welwyn Garden City, Hertfordshire AL7 1TT. State the tokens you require (only 4 per application). If you need tokens or an entry form, please send separate SAEs. Requests must be received by first post 13 October 1995.
- 4 Employees and agents of Newspaper Publishing plc or those of any other national

- 5 newspaper company or any firm connected with the promotion are not eligible to take part, neither are their relatives nor members of their families or households.
- 6 Winners must co-operate for publicity purposes if required and accept their names and photographs will be published in the paper.
- 7 Photocopies of tokens are not acceptable.
- 8 The five holidays will be allocated at random to the first five entries selected in the prize draw.
- 9 Normal Newspaper Publishing rules apply. There is no cash alternative. The Editor's decision is final.

Cox & Kings
FOUNDED IN 1720



Lucy Roberts CITY DIARY

Shandwick's Julian Bosdet had a touch of deja vu last week when he heard that secret video pictures were to be employed to catch kerb-crawlers. Bosdet tells me that a midnight search for early editions of the national newspapers once led him to City Road, the last home of the Independent. Several journeys around the block were necessary but so slowly was he driving that on his fourth "sweep" he was removed from his car by the Met on suspicion of kerb-crawling. The defence of "looking for tomorrow's papers today"

baffled the officers, who thought newspapers arrived with the milk. Fortunately, Mr Bosdet was allowed to retrieve his car and early edition of the Independent.

The dust has yet to settle at Scottish Amicable, which last week abruptly parted company with Graeme Knox, long-standing MD of the investment arm. While Mr Knox insists it was always his intention to bow out at 50, word from insiders is that he did not fit with ScotAm's desire to look good for a potential investor. One alleged

Even the Maxwell trial has to give way to our archaic legal certainties. Yesterday marked the start of the legal year, which meant Mr Justice Phillips was not in court but wiggled up in full rig for a ceremony at the beginning of Michaelmas term. The event, the roots of which are lost in the mists of time, requires all judges and QCs to dress up for a service at Westminster Abbey, during which participants must fast. The Lord Chancellor then invites the 600 or so participants back to the House of Commons for a light buffet to ease their hunger pangs. Let's hope Mr Justice Phillips' rumbling stomach is stilled in time for today's proceedings, the 73rd day of the Maxwell trial.

marriage would have involved the abandonment by ScotAm of its mutual status. The reshuffling of more executives just days after Mr Knox's departure is seen by the insurer as a way of making itself more attractive to a bid.

A great deal of money was spent at last week's Aviation ball at Grosvenor House. The event made £120,000 for National Children's Home Action for Children. The auction proved popular with catering company Compass, which bid for almost everything, according to one party-goer. Despite Compass's acquisition of French company Eures International earlier this year, chief executive Francis Mackay found £5,400 to spare to bid for two Concorde return tickets to New

York. Mr Mackay was about to hop on a non-Concorde flight when I spoke to him. He said the company will use the tickets for anyone who needs to go to New York in a hurry. Anyone intent on doing business with Compass should take note.

Roger Holland of embattled Cray Electronics has finally appointed a new non-executive deputy chairman: Alec Daly, former deputy director general at the CBL. Profit warnings that followed the discovery of a large revenue hole in its communications subsidiary have dogged effort to stick the group back together. No doubt Mr Daly's stint with Ford Europe, and GKN, where he was MD of its defence products, will stand him in good stead.



Ticket to ride: two Concorde seats made £6,400 for charity

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Personal

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ALCHITE, MADRID, MALAGA, LISBON, COLOGNE, DUBLIN, GENEVA, LONDON, PARIS, ROME, VIENNA, ZURICH
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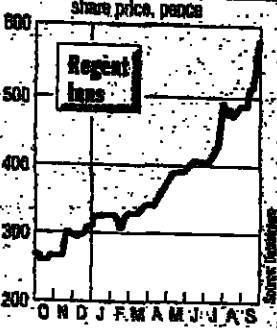
market report/shares

TAKING STOCK

DATA BANK

FT-SE 100
3520.2 +12.0
FT-SE 250
3958.9 +10.1
FT-SE 350
1758.9 +5.6
SEAQ VOLUME
639m shares,
29,464 bargains
Gilts Index
93.25 +0.25

SHARE SPOTLIGHT



Hope of takeover frenzy pushes water companies up

Dealers are convinced that the takeover frenzy surrounding electricity companies is about to spill over into the water sector. The ball may be set rolling this week with Lyonnaise des Eaux-Dumetz expected to be given clearance by the regulators to bid for Northumbrian Water.

Shares in Northumbrian closed 18p higher at £10.13, valuing the company at slightly more than £700m. "We're all waiting for this bid to come through from Lyonnaise, and it's started activity in the sector," said one dealer yesterday.

The speculation drove up several other water shares, which for the last two months have been overshadowed by the takeover activity among the electricity companies. Thames Water climbed 15p to 549p, Southern gained 17p to 701p, South West soared 22p to 536p, and Severn Trent finished 22p higher at 649p.

Electricity shares were mixed yesterday, amid concerns that the latest raft of takeover bids would end up being scrutinised by the Monopolies and Mergers Commission.

Those fears were duly reflected in the performance of Southern, which, as expected, attracted an agreed £2.8bn offer from National Power. Shares in Southern climbed 69p to 966p, but remained stubbornly shy of the £10.10 on the table from National Power, down 11.5p to 503.5p.

Similarly, Midland Electricity, subject of a £1.95bn bid from PowerGen, eased 10p to 965p. PowerGen finished just 1p better at 560p on a day the market finished on a high note with the emergence of buyers in afternoon dealings.

The FT-SE 100 share index, which looked as if it was to give up the 3,500 mark in early dealings, closed 12 points ahead at 3,520.2 despite an unsteady



MARKET REPORT

JOHN SHEPHERD

start to trading on Wall Street. The FT-SE 250 also managed a double-digit advance, with a 10.1 point gain to 3,958.9.

Action on the gilt pitch was more lively, fuelled by further hopes of another cut in UK interest rates following the release of the latest purchasing managers' index. Gilts recorded gains of up to half a point.

Almost half the day's equity business was conducted in the last two hours of trading. While that burst helped to push up the total share volume, the final figure of 639 million was far from respectable. Most of the leading 100 shares closed the session within a few pence either way of where

they started. Indeed, one in six finished all-square.

Outside the leaders, Gartmore was in demand and rose 13.5p to 276p - just 3p adrift of this year's high - in the wake of last week's announcement that Banque Indosuez was looking to sell its 75 per cent stake. Mercury Asset Management, tipped as a possible buyer, firmed 1p to 900p. Gartmore, which shot up 39p on Friday, now has a current stock market value of £556m.

National Westminster Bank, also tipped as a possible buyer for Gartmore, slipped 7p to 625p. That movement was out of line with the other leaders. Barclays firmed 1p to 750p,

Lloyds added 6p to 696p, and TSB gained 2p to 278p.

Vague whisperings about takeovers and break-ups were heard in several other sectors. Pearson improved 8p to 597p after Henderson Crosswhite put a 90p-a-share break-up value on the media company and said it was vulnerable to a bid while shares traded below 600p.

Thames-EMF closed 11p up at £14.85p on renewed hopes that its intended break-up would happen sooner rather than later.

The relentless climb of Regent Inns continued. The shares, which started the year at 307p, closed 14p higher at 592p. There was some talk that the pub company might soon attract a bid.

Regent's annual meeting is on Thursday, and analysts are expecting David Franks, managing director, to make another bullish statement on current trading.

Drinks analysts are already looking for Regent to boost taxable profits in the current year to next June by around 32 per cent to £3.8m. The recent run in the shares has now put the company, which trades on a price/earnings multiple of 18.8, on a similar market rating to JD Wetherspoon. Results are due on Friday from Wetherspoon, up 1p to 618p.

Elsewhere, Frost Group, the petrol stations company, firmed a penny to 239p, as the shares were placed on Panmure Gordon's buy list.

Wembley remained in favour, gaining 5p to 294p. Jarvis Astair, a director, sold 20,000 non-beneficial shares held in trust at 290p each.

EP Bulmer, the cider company, shed 1.5p to 498p ahead of the start today of an analysts' visit. Matthew Clark, though, rose 7p to 614p as worries subsided about its takeover of Tamworth, up 3.5p to 229p.

Shares in Hardy Oil & Gas were a notable mover on the oil pitch, rising 12p to 186p. There was some talk that the company, which has recently off-loaded a raft of assets to concentrate on four exploration areas, may soon announce some positive drilling results from the Bayval site near Australia.

SHARE PRICE DATA

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: ex Ex rights x Ex-dividend x Unlisted Securities Market x Suspended x PP Parity Paid per Nil Paid Shares.

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Call cost 20p per minute (cheap rates), and 40p at all other times. Call charges include VAT.

MARKET LEADERS: TOP 20 VOLUMES

Stock	Value	Stock	Value	Stock	Value
Southern Elec	25,000	Lucas	4,700	Dable & Wey	3,600
Pfizer	20,000	Glaxo	4,600	NIP	3,400
Unilever	19,000	Imperial	4,500	BP	3,400
Volvo	14,000	Shell	4,400	British Airways	3,300
BT	13,000	National Power	3,200	BA	3,200

FT-SE 100 INDEX HOUR BY HOUR	1400 3520.2 up 1.0
Open 3510.6 up 2.4	11.00 3503.5 down 4.7
09.00 3506.5 down 1.7	12.00 3507.3 down 0.8
10.00 3504.2 down 4.0	13.00 3518.9 up 11.1
	Close 3520.2 up 12.0

BANKS, MERCHANT

Barclays	750.00	HSBC	450.00
Bank of Scotland	380.00	London & Lancashire	280.00
First National	320.00	Paragon	220.00
Yorkshire	280.00	Windsor	220.00

BANKS, RETAIL

Bank of Ireland	320.00	Bank of Montreal	280.00
Bank of Nova Scotia	280.00	Bank of Tokyo	220.00
Bank of America	220.00	Bank of China	220.00

DIVERSIFIED INDUSTRIALS

British Airways	320.00	British Petroleum	280.00
British Telecom	280.00	British Steel	220.00
British Sugar	220.00	British Tilledge	220.00

BREWERIES

Adnams	220.00	Beck's	220.00
Carlsberg	220.00	Heineken	220.00
Kaiser Brewery	220.00	Miller	220.00

ELECTRICITY

British Nuclear Fuels	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

BUILDING/CONSTRUCTION

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

ELECTRONICS

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

BUILDING MATERIALS

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

CHEMICALS

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

DISTRIBUTORS

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

ENGINEERING VEHICLES

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

EXTRACTIVE INDUSTRIES

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

INVESTMENT COMPANIES

British Nuclear	220.00	British Nuclear	220.00
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British Nuclear	220.00	British Nuclear	220.00

INVESTMENT TRUSTS

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

LEISURE & HOTELS

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

OIL EXPLORATION

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

OIL INTEGRATED

British Nuclear	220.00	British Nuclear	220.00
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British Nuclear	220.00	British Nuclear	220.00

OTHER FINANCIAL

British Nuclear	220.00	British Nuclear	220.00
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OTHER SERVICES

British Nuclear	220.00	British Nuclear	220.00
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British Nuclear	220.00	British Nuclear	220.00

PHARMACEUTICALS

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PRINTING & PAPER

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British Nuclear	220.00	British Nuclear	220.00

LIFE ASSURANCE

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MEDIA

British Nuclear	220.00	British Nuclear	220.00
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INTERNATIONALS

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INDEX LINKED

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SHORTS

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MEDIUMS

British Nuclear	220.00	British Nuclear	220.00
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TEXTILES & APPAREL

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British Nuclear	220.00	British Nuclear	220.00

RETAILERS, FOOD

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British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

RETAILERS, GENERAL

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British Nuclear	220.00	British Nuclear	220.00

TOBACCO

British Nuclear	220.00	British Nuclear	220.00
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British Nuclear	220.00	British Nuclear	220.00

TRANSPORT

British Nuclear	220.00	British Nuclear	220.00
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British Nuclear	220.00	British Nuclear	220.00

WATER

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

SPIRITS, WINES & CIDERS

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

SUPPORT SERVICES

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

RIGHTS ISSUES

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

RECENT ISSUES

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British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

GOVERNMENT SECURITIES

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British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

INDEX LINKED

British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00
British Nuclear	220.00	British Nuclear	220.00

SHORTS

144	Lowville Corp	180	-	-	-	3.86
591	Marathon Oil	6222	-	-	-	3.78
77	PWC Ind	34	-	-	-	3.73
231	Royal Ind	16	x+0	4.0	9.9	3873
52	Schlegel	109	x+0	7.5	9.9	3985
102	Sheriff	109	x-0	26.4	4.0	4107
48	Sheriff	109	x-0	6.4	-	4130
281	Sun Alliance	359	x+0	5.8	10.2	4134
61	Texas Industries	71	-	-	-	4145
118	Wills-Corcor	121	x+0	6.8	6.7	4613
15	Winchco	16	-	-	-	4621

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INTEREST RATES

UK Discount	8.75%	Germany Discount	3.50%	US Discount	8.75%	Japan Discount	0.00%
France Interest		London 5.50%		Discount	2.50%	Sweden Discount	3.50%
Italy Discount	5.00%	Canada Prime	8.00%	Fed Funds	6.25%	Current	4.10%
Switzerland Discount	9.00%	US Discount	8.71%	Spain 10-Day Repo	9.25%	Switzerland Discount	2.00%
Netherlands Discount	3.50%	Swiss Bank Discount	5.00%	Sweden Repo (Avg)	8.91%	London	4.25%

	OT Night	7 Day	1 Month	3 Months	6 Months	1 Year
Interbank	3/4	3/4	3/4	3/4	3/4	3/4
Spotting Cdn	3/4	3/4	3/4	3/4	3/4	3/4
Local Authority Depos	3/4	3/4	3/4	3/4	3/4	3/4
Street Money Cdn	3/4	3/4	3/4	3/4	3/4	3/4
Treasury Bills (90d)	3/4	3/4	3/4	3/4	3/4	3/4
Dollar Cdn	5.00	5.00	5.00	5.00	5.00	5.00

LIFETIME INDEX OPTION				
Settlement price: 2004.1	closing offer price			Call/Put
				Total/week
Series	3450	3800	3550	3000
October	90 / 12	89 / 24	30 / 48	12 / 52
November	127 / 31	92 / 47	63 / 99	39 / 97
December	103 / 48	121 / 65	90 / 87	66 / 114
January	- / -	148 / 82	- / -	92 / 131

COMMODITIES	
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LARGEST 100 INSURANCE FUNDS			
Rank	Fund	Assets	Assets
1	Life Equity 64	\$40.8	\$25.6
2	Life Equity 65	39.1	25.0
3	Life Equity 66	38.1	24.9
4	Life Equity 67	37.1	23.9
5	Life Equity 68	36.1	22.9
6	Life Equity 69	35.1	21.9
7	Life Equity 70	34.1	20.9
8	Life Equity 71	33.1	19.9
9	Life Equity 72	32.1	18.9
10	Life Equity 73	31.1	17.9
11	Life Equity 74	30.1	16.9
12	Life Equity 75	29.1	15.9
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14	Life Equity 77	27.1	13.9
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18	Life Equity 81	23.1	9.9
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20	Life Equity 83	21.1	7.9
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23	Life Equity 86	18.1	4.9
24	Life Equity 87	17.1	3.9
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26	Life Equity 89	15.1	1.9
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From death's door to an immortal threshold

Before the cuckoos had roused this year we were promised this would be the season of the wonder horse. Unusually for racing, the prophecy has proved correct, but truer to the fluctuations of the turf the wrong colt has been in the beam for much of the time.

While Celtic Swing rests his vulnerable body it is now Lammtarra who will be remembered for illuminating 1995. Six months ago, the roles were reversed. As Lady Herries colt pounded out his preparation in Sussex, Lammtarra was the invalid, fighting for his life in Dubai's state of the art veterinary hospital.

Visitors were not assaulted with details of his progress and by the time Lammtarra returned to Britain he was one of the least heralded components of the Godolphin machine.

It is this absence of build-up to greatness which forms the illusion that Lammtarra's abbreviated career is even shorter than it actually is. For the patient purists who have waited for another Mill Reef, the only other horse to capture the top trident of Derby, King George and Arc, the pleasure must be over all too quickly. Like children watching the bonfire night rocket, the object of their fascination has disappeared in an instant.

Indeed the only people who

Richard Edmondson reflects on the steps in Lammtarra's irresistible rise

will see a competitive Lammtarra in the flesh again are likely to be those who attend the Breeders' Cup gala at Belmont Park at the end of the month. If, as is planned, he retires win, lose or draw, he will have enjoyed an athletic career of under 12 months. His new task will be in the passion houses of either the Dalham Hall Stud in Newmarket or the Gainsborough Stud in Kentucky — both the property of the Maktoum family. Lammtarra means invisible in Arabic and for most of us now he might as well be.

By the time of the Breeders' Cup Turf some idea of his place in the all-time list will have emerged. By deed alone, he must command the greatest respect, for overcoming illness and rushing preparations to triumph where so many have floundered before.

Lammtarra looks the part, with his chestnut hide stretched over a narrow frame appearing as though much furniture polish has been applied and there

are the black, almost mournful, eyes. But everything he does is functional, hugely admirable, yet strangely without startling impact. In other words, he would be Stan Smith to the Nasse, Charlton to Best, arguably the better but without the same charm.

But aesthetes always like to see their horse produce a sudden burst of acceleration, just as Lammtarra's sire Nijinsky, used to deliver. There are early numbers that Lammtarra himself will have to deliver yet again, and in a thrilling manner, in America if he is to join the immortals.

"That was an excellent performance in Paris," Ian Balding, Mill Reef's trainer, said. "Lammtarra is such a tough horse and even though you wouldn't say he has a brilliant turn of speed like Mill Reef, Nijinsky or Dancing Brave, he just does it another way."

The handicappers of Timeform now have Lammtarra placed on a provisional mark of 134 — some way below his pre-

decessors as Arc winners, Sea Bird II, Mill Reef and Dancing Brave.

Sunday's win was, of course, a great success for genes. Centuries of playing around with the mating game have culminated in breeders suggesting nothing more complex than putting the best to the best in an effort to conceive a classic beast. In practice this seldom works and Lammtarra is very much an exception. As he is by a Triple Crown victor out of an Oaks winner he will be expected to make a good fist of his stud career. But it will not be that easy.

Yesterday, Landraco Detonator, the winning jockey, was in good spirits, for the first part of the race. "The first thing I did this morning was to run downstairs and check the trophy was still there," he said. "I watched the video thousands of times last night and Lammtarra is unbelievable. He is a lion."

The Italian's achievement was noted by the course executive at Pontefract, where he was awarded a bottle of champagne, but officials also later noted that he was bending the rules on La Alla Wa Assa in the closing contest. Detonator was found guilty of irresponsible riding and, as this was his third such offence of the season, he was referred to the Jockey Club. Pontefract may have seemed a long way from Paris.



Defying all challengers: Lammtarra, now safely back in Newmarket, is one race away from a stud career. Alisport

Cecil loses Charnwood to Dubai

Sheikh Mohammed is to move another top imamate of Henry Cecil's stable to Dubai, this time the three-year-old Charnwood Forest who was second to Bahri in the St James's Palace Stakes at Royal Ascot.

The owner had already decided to transfer several Cecil-trained horses, including the highly promising two-year-old Mark Of Esteem.

Charnwood Forest is among the owner's choice of older horses to transfer from Europe to warmer climes for this winter.

WARWICK

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Dancer 2.30 Glicking 3.00 Altheus Hill 3.30 Ballymore 4.00 Rival Bid 4.30 Brandenville 5.00 HAL FOO YAROOM (map)

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sport

I am now making a plea I never thought I should find myself making: Carling should be confirmed as captain of England

Will Carling has never, I confess, been one of my favourite rugby persons. His comments I find only slightly less rapid than: "It was a game of two halves, wasn't it, Brian?" His business, I thought, breached the true meaning of the rules against professionalism long before they were finally jettisoned - and he was allowed to get away with it. Altogether, he was, I considered, both a contributor to and, at the same time, a product of the new, superficial, commercial brutality of the 1980s.

He was also a product of Geoff Cooke. A very good centre indeed, he would almost certainly have got into the team without Cooke's support. But he would not have been

made captain, certainly not at 22. It is not going too far to say that it was Cooke who created Carling as a commercial concern in whom, for a few businessmen anxious to improve their performance were prepared to repose their trust.

Carling has been England's most successful captain, certainly since the 1920s, perhaps of all time. In the six seasons so far of the present decade England have won the Grand Slam three times (once back-to-back) and the Five Nations Championship three times likewise.

It may sound ungenerous: but it is nevertheless true to say that England could have done better if Carling had taken different decisions on the field - or if it had been some-

one else in charge. He seemed incapable of varying a plan once it had been set. He did not appear to have full control of his team, particularly of Brian Moore, who often went off on frolics of his own.

There was a case for making Moore captain, with all the risks that entailed. Dean Richards would have gained the loyalty of the whole team and been a great favourite with the fans. But the strongest case was undoubtedly for Rob Andrew.

Six years ago Andrew captained the British Isles magnificently in Paris. There is no reason to doubt that he would not have done the same for England if he had been given the chance.

But tick-tock goes the clock.



ALAN WATKINS

Andrew is off to Newcastle in a part-managerial capacity. His distinguished career with Wasps is drawing peacefully to its close. He remains in the England squad for the

South African match on 18 November. So does Moore, though neither he nor Richards, still less Andrew, is now a realistic choice for the captaincy.

Carling similarly is in the squad. But, contrary to what he had suggested earlier, he has not been confirmed as England's captain.

I am now making a plea which I never thought I should find myself making: that now, or as soon as possible, Carling should be confirmed as captain of England for the South African match. The 1996 season can wait.

My reason for this appeal is, to begin with, compassion. Carling has had a terrible time in the last few weeks. You can say with some

justice that the terrible time was largely of his own making and that, like Gary "That woman is trouble" Lineker, he should have given the Princess of Wales a wide berth.

But he did not. Maybe he was silly, but we all do silly things, especially where the opposite sex is concerned. What he and the Princess actually did, if anything, is none of our business.

Nor is it that of anyone else except Julia, Mrs Carling (for the Prince of Wales, the other spouse involved, has by now surely forfeited any legitimate interest in his wife's activities).

This is not to say that what a rugby captain does off the field has no rel-

evance to his captaincy. A conviction for theft, fraud, CBI or whatever should undoubtedly disqualify someone from captaining either club or country. A mild flirtation with a Princess, on the other hand, should be a cause for anything for conflagration.

But it is not only compassion that is involved. The tabloid press must be shown that it cannot wholly ruin people's lives on a whim.

It has already brought to a conclusion the careers of numerous ministers and MPs. In the end, John Major always buckled under the pressure. Jack Rowell now has the chance to demonstrate that he is made of tougher stuff than the Prime Minister.

Fittler forced to come of age

It is the achievement of Brad Fittler, thrust into the Australian captaincy before his time by events beyond his control, that no-one can honestly dispute his right to it.

In normal circumstances, Fittler, who will lead Australia out against England in the opening game of the World Cup at Wembley on Saturday and who had been classified as an FAC - future Australian captain - since his teens, would have had to wait longer than the age of 23 for an honour which is taken very seriously indeed.

But these are not normal circumstances. At an age when Fittler should still be learning, he has become a symbol of the struggle for the game's soul.

When Rupert Murdoch engineered his coup to try to take over the game in Australia, the Australian Rugby League needed to retain the biggest stars who were not already committed to the Super League. The biggest was Fittler, the youngest-ever State of Origin player, the youngest Kangaroo tourist, and the most complete talent of his time.

At a price, and a very handsome price, he became their highest-profile loyalist, the man to whom they can point when Super League claims to have all the best players and say: "Not yet, you haven't." Murdoch's cashiers would have been equally generous, but Fittler says that it was never a real contest.

"I've always been very comfortable with the ARL. They seem to me to have looked after the game pretty well over the last 100 years or so."

They have certainly looked after Brad Fittler pretty well. The game in Australia might be disfigured beyond recall by being split down the middle, but that split has made millions of a generation of elite players. Fittler has been one of the main beneficiaries. Apart from his loyalty contract with the ARL, his move from Penrith to the Sydney City Roosters has also been lucrative.

It is one of the repercussions of the battle for power that players who find themselves on the wrong side of the front line have to move. Penrith, the club with which he had played since his school days, are committed to Super League; Fittler to the ARL. He had to go, but a five-year contract, worth about £250,000 a season must ease the pain.

Fittler could just as easily have gone to Manly, to be coached at club level by his Australian coach, Bob Fulton, but

Dave Hadfield talks to the Kangaroo kid who has been thrust into captaincy and made to carry the weighty expectations of a nation in the Rugby League World Cup

opted after long deliberation and negotiation for the Roosters, where he could force one of his Wembley opponents, Phil Clarke, to move from loose forward to second row. "I'm glad to have it all sorted out," he says. "It was a big decision and I took my time over it."

For a young knock-about type of bloke, there have been plenty of big decisions to be made this year. There were those who believed that the pressures on him would prove too much. "But it hasn't really made much difference to me. I still go about things in pretty much the same way, on and off the field," he says.

At an age when Fittler should be learning, he has become a symbol of the struggle for the game's soul

That, in fact, has been the one major criticism of Fittler: that he does not act like an Australian captain - a position which is invested with far more mystique than here.

There was, for instance, a notorious television appearance during which he admitted to having his head shaved while out on the booze. Conduct unbefitting to the dignity of his role, they were quick to call it. It was a free gift to Super League partisans and even his manager admitted that a few rough edges needed a little polishing.

"The last thing I'd want to do is change his personality," Wayne Beavis said. "However, there are a few off-field pressures which come with the national captaincy and he has to accept them with the same standard he does the on-field pressures."

There is a danger of rewriting history here, because Australian captains - from Graeme Langlands, through Fulton, Max Krilich, Wally Lewis and Mal Meninga - have rarely been choirboys and have frequently been prone to the odd word out of place without the fabric of society unravelling.

According to Fulton, Laurie

Daley - Meninga's heir-apparent on last year's Kangaroo tour, who would have taken over the captaincy had he not opted to sign for Super League - would have had exactly the same problems. "The really important thing is that he commands the respect of the players on the field and there is no question about that," he says.

Nothing would be more damaging to the ARL's continuing tussle for credibility than a bogus Australian captain - someone the world knows should not be there. "The first essential is that the captain must be an automatic choice for the side," Fulton says. "Brad would be the first man chosen, regardless of who was available. And as for how he has handled the responsibility, the proof was there for everyone to see in the Test series against New Zealand this year."

Apart from the captaincy, he gave him the responsibility for the tactics and the kicking game, which were absolutely Olympic class. He showed that he can cope with it." He did, and they won 3-0. Frank Endacott, the New Zealand coach, admitted: "He had the sort of kicking game you dream about. He was the difference between the two sides in the series."

Fittler will be equally pivotal to Australia's World Cup campaign. Rarely has an Australian game-plan been so concentrated on one man; even in Lewis' heyday in Fittler's international position of stand-off, there was an equally shrewd tactician in Peter Sterling alongside him.

It is not to denigrate the players around him - because we know to our cost the depth of talent in Australia - to say that he dominates this particular line-up. At Wembley, he will try to break England's midfield defence with his physical power, open them up with his side-step, or by-pass them with his long passing or his varied kicking game. However Australia choose to permute their options, Fittler will be at the centre of their play.

His outstanding natural ability is laced with resentment at the denigration of his Australian side. "They've said we're a second-rate side, a shithouse side," he says. "I don't think New Zealand would say that." And nor does he believe that England will be able to do so after Saturday.



Before his time: Brad Fittler displays the power that has prompted Australia to make him captain Photograph: Aispost

Offiah fitness blow for England

DAVE HADFIELD

England's Gary Connolly is likely to miss the whole of the Centenary World Cup and Martin Offiah is rated doubtful for the opening match against Australia at Wembley on Saturday.

Connolly has been told to rest for a month after a bout of pneumonia, so any hope of him being fit in time for the semi-finals on 20 and 21 October seems forlorn. The England coach, Phil Larder, will decide today whether to replace Connolly in his 25-man squad, or wait another week to see whether he has a chance of recovering.

Under the tournament rules, Connolly could be replaced on medical grounds midway through the competition. Whether that replacement comes now or later, the favourites for a late call-up are Richard Gay of Hull or Salford's veteran, Steve Hampson, who were watched in opposition to each other by the England coaching co-ordinator, John Kear, on Sunday.

Offiah, another of the potential match-winners upon whom England were relying, was unable to train yesterday with leg and ankle injuries. A decision on his fitness for Wembley will be made tomorrow, but Paul Newlove, who also sat out yesterday's session, is expected to be fit.

The New Zealand coach, Frank Endacott, has hinted strongly that he intends to use the Leeds stand-off, Tony Kemp, at loose forward in the tournament. "He is being considered for the job," Endacott said. "He could make a ball-playing back-rower, with good vision and a kicking game."

Another of New Zealand's British-based players, Henry Paul, might have to settle for a more peripheral role. Endacott, much criticised for his reluctant use of the Wigan player in the three-nil series defeat by Australia this year, indicated that he might be frustrated again.

"Henry is a very exciting player, but he is still very green. He can win a game for you, but he can lose it for you as well," he said. "His value to us is as a utility player rather than a specialist at the moment."

Endacott will name his side for Sunday's first match against Tonga tomorrow. His strategy will be to name his strongest line-up for every match, rather than mixing and matching as some coaches intend. "It could mean that some players will not get a game, but that is the way it has to be," he said.

WHERE ARE THEY NOW?

In his own words, Ted MacDougall followed the "typical footballer's way" after his retirement in 1980, one of many ex-professionals to see his name over the door of a public house. When, in 1985, he married for the second time his life changed direction.

With his French-Canadian wife, Lyne, whom he had met in Barbados, the most prolific of 1970s centre-forwards - he scored nine goals in Bournemouth's 11-0 FA Cup victory over Margate in 1971 - left England for Montreal, then moved to Florida, Colorado and finally Vancouver, where he has established a successful career in property development.

"I came originally to work with Alan Ball at the Whitecaps," he said. "I got into building houses in 1987. We had some people build a place for ourselves and I thought: 'I can make a mess of doing that just as well as these guys.' Now 48, he is planning a new home in a ski resort in British Columbia.



Ted MacDougall

The scorer of 256 League goals in a seven-club career that also took in Manchester United, MacDougall is a coach for the British Columbia Soccer Association, and is bringing 35 youngsters to England this week to play teams from Manchester City, Bolton and Everton.

Last year, the former Scottish international was linked with a takeover bid for Bournemouth, for whom he scored almost half his goals. "I was approached and interested, but after some initial talks there was no further contact and nothing has come of it," he said.

Jon Culley

TODAY'S FIXTURES

Football

7.30 unless stated

COCA-COLA CUP

SECOND ROUND

Arsenal (2) v Manchester (1) (7.45)
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Football

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